Contents

Management Vol. 4, No. 2

Director
Donald J. Devine

Deputy Director
Loretta Cornelius

Executive Assistant Director for Policy and Communications
Patrick S. Korten

Assistant Director for Office of Public Affairs
Mark Tapscott

Editor
David A. Turner

Reporters
Tierney Bates, Joyce Cannady, Lynn Alfalla, Naomi Pfefferman, Mary Ann Maloney, Marie Williams, Paul Wedding, Timothy Sullivan, Clifford White

Design
Great, Incorporated

Graphics Assistance
Tom Nebel, Woody Schuler

Photographer
Tony Jackson

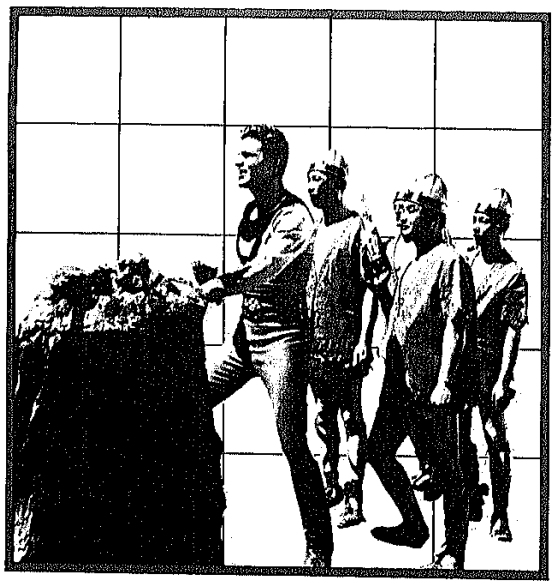
Cartoons
Special thanks to Malcomb Hancock for "Mal" reprint rights

No special permission is required to quote or reprint materials (except "Mal" cartoons) contained in the magazine. Opinions expressed by authors appearing in Management do not necessarily reflect the views and policies of Management or the Office of Personnel Management (OPM). Unsolicited manuscripts (double spaced, 1,000 words with working title) will not necessarily be acknowledged or returned without SASE. Management is published quarterly by the U.S. Office of Personnel Management. Inquiries should be sent to: David A. Turner, Editor, Management Magazine, Office of Public Affairs, U.S. Office of Personnel Management, Washington, D.C. 20415.

Management is available on subscription from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.
$11.00 domestic,
$13.75 foreign
Single copies are $3.75 domestic, $4.70 foreign.
MasterCard and VISA are accepted. Use of funds for printing this publication approved by OMB letter of April 28, 1982.

2 Science fiction's government worker. . . new and improved
3 Nitty Gritty. . . late breaking news
5 Futurefed. . . Director Devine looks ahead
6 Alvin Toffler's 21st Century civil servant
10 Office of the future. . . sure-shot predictions
12 Training for the next decade. . . courses
13 Computer store opens at General Services Administration
14 Rip Van Winkle. . . a comic trek into computerland
16 Senior Exec's after Reform '88
17 Peter Grace. . . an interview
22 Summary of Grace Commission recommendations
24 Ms. Management. . . spicy advice for supervisors
26 Charles Peters. . . neoliberal forecasts feds' future
29 Alvin Toffler previews future thought
Joseph Bower faces corporate/government public management.
30 In brief: Appeals court slaps disability ruse
31 Movie. . . *Star Chamber* parodies "networking"
32 Money advice for office directors

Sci-Fi Fed: HAS THE FUTURE SEEN US COMING?



By David A. Turner, Editor

Government jobs will be far more dynamic, rewarding and considerably less structured in the next century, claim futurists like Ed Cornish, Alvin Toffler and the late Herman Kahn. Forget those harsh bureauerats in Art Deco uniforms and straight-jacketed minds so vividly painted in traditional science fiction.

Take a moment to examine your expectations about tomorrow's civil servants. Form a quick mental picture of government experts in the 21st century. If you are like most people, these expectations bear traces of the bullyish vision long projected by those imaginative cousins of high-brow futurists—America's science fiction authors and filmmakers.

One need not be a sci-fi fan to know this literary genre constantly frets about the level of authority which central government may exercise in future societies.

Today's science fiction presents a somewhat bawdier, more human, risk-taking and less sterile civil servant in storylines.

Stretching from Raymond Massey's famed 1934, *Things to Come*, through classics such as *1984* and *Brave New World*, right up to the mid-1970's, with works like *Soylent Green* and *Silent Running*, fictionists have been singularly unkind to public employees. Fortunately, some remarkable changes occurred around 1975. Today, sci-fi film critics quickly dismiss as "old fashioned" or "matinee" any works which portray government officials as heel-clicking human robots.

Outland (starring Sean Connery as a federal marshal on a mining asteroid) and last year's *Blade Runner* (Los Angeles, circa 2014 A.D.) are just two new-generation, down-home sci-fi epies. In these tales, public employees perform the non-threatening, occasionally mundane government jobs of the future. When the good-guy feds in these adventures are put to the test, they emerge not as power-grabbing Nazis, but as heroic citizens carrying out assignments amid hair-raising circumstances. And why not?

One suspects the attitude switch exhibited by science fiction involves a greater awareness of technology, computers and even robots. Early writers guessed correctly about the immense capabilities of computer technology. But they didn't expect society-wide applications. If only privileged government employees were to wield such forces, they argued, then such officials ought to be feared, even despised. A better grasp of the technology refocused their imaginations and bridled their hostilities against public workers.

Today's science fiction presents a somewhat bawdier, more human, risk-taking and less sterile civil servant in storylines. Dovetailing this change, scholars in the futurist community also are revising old stereotypes. Some speculate federal workers in the next decade will band together and buy their service programs. Most workers will write their own benefits packages. Many will shift nomadically from one task group to another.

Our workdays, say these experts, will be unfettered of the factory-like mentality which characterizes much of the current environment.

In addition to our cover story on the Grace Commission, and a frank discussion with neoliberal editor Charles Peters, this issue of **Management** discusses the changes which technology and related social/political trends will have on public servants.

A remarkable interview with Toffler (*Future Shock; The Third Wave*) is just one of several of this issue's provocative articles on this intriguing topic.

Tierney Bates examines the makeup of mid-level employees in the year 2000—and in the transition period. **Management** reporter Joyce Cannady describes a new computer store where you can experiment with and purchase equipment for your office. And there's more. But, first, an answer to the question atop this page. Yes: Americans will be reshaping their perceptions and expectations about federal workers in the future. This change springs, in part, from the more thoughtful writings of a new generation of fiction writers.

By all means please proceed through this fascinating topic with **Management** magazine. Before you do, however, why not tip your hat to those fanciful "idea" people—the crafters of American sci-fi. ■

NITTY GRITTY

Processed personality. Federal workers fit into the low-risk "process culture" category, according to a book by **Terrance Deal** and **Allan Kennedy**, *Corporate Culture.* An organization's culture incorporates the "beliefs and values" that create a "distinct identity," according to **Janice Ragan** of *USA Today.*

Co-authors Deal and Kennedy define four different cultures. Government blends with insurance, utilities, and pharmaceutical companies to form the Process culture. "Because no single transaction breaks these companies, financial stakes are low." Decisions are also low-risk and without much feedback. Employees who protect the status quo are "heroes" within this clique.

The **Macho/Tough Guy** culture (construction, cosmetics, management consulting, advertising, and entertainment) share an arena where "stakes are high, and feedback (results of high-risk decisions) is quick." The **Work Hard/Play Hard** type (real estate, door-to-door operations, and computer companies) take few risks and "measure their success in volume, not high stakes." The **Bet Your Company** group (mining companies, investment banks, architecture firms, and computer design companies) make high-stake decisions but feedback is slow because "investment in the future is the primary value."

Changing an organization's "culture" is often difficult, say Deal and Kennedy, because "a culture often refuses change when it is needed most."

Russell Review. Comedian **Mark Russell** will "knock" some of D.C.'s most sacred personalities and institutions on January 17, 1984, at DAR Constitution Hall. This performance rings the end of a year-long celebration of the Civil Service Centennial and is sponsored by the Public Employees Roundtable.

Russell can be tough. But audiences love his all-in-fun digs at the "newsmakers," such as fighter Sugar Ray Leonard: "It reminds me of the Leonard/Hearns fight—7th round—when Leonard hit Hearns with everything but his investment portfolio." Russell is already familiar to many Washingtonians via his night club act.

Tickets are $15 and $25 and are available through Charge-a-Ticket. For more information, call 626-1000. (A portion of the ticket price is tax deductible.)

Performance is tops. Executives polled by **William M. Mercer, Inc.**, of New York ranked performance at the top of ten values judged most important to an organization's "corporate culture." The 300 executives listed nine other values in this order: fairness, competitiveness, team spirit, corporate family spirit, innovation, entrepreneurship, individual achievement, loyalty, and tradition.

"The example set by top management was judged by far the most important way corporate values are reinforced," according to the *Baltimore Sun's* report of the poll. Three-fourths of the executives also agreed "performance-based pay increases would become more important in the future to their firms' efforts to strengthen value systems." More than two-thirds of the executives believe the trend is "toward increased employee contributions to benefit programs."

Mr. Smith apes Washington consultants. It'll take more than bananas and a one-nighter at the National Zoo to appease the brainy star of NBC's new comedy series, *Mr. Smith*. Although he's a little rough on his three-piece suit, the 256 IQ, talking orangutan shines as a consultant to the U.S. government.

The super-talented star of a Washington-based think tank advises the President and Congress on hairy foreign, legal, and domestic policy issues. To relax, the four-foot, 165-pound primate plays a wicked game of chess, composes flute sonatas, and reads Hebrew.

Mr. Smith's maverick approach to problem-solving echo's the theme of his 1980 movie, *Any Which Way You Can*, in which he played opposite fellow troubleshooter, **Clint Eastwood.**

Choosing the "right brain." Managers of the future should rely more on the intuitive, "right brain" approach to decision-making, says professor **Weston H. Agor**, director of the Public Administration Graduate Program at the **University of Texas.**

A two-year study of 2,000 U.S. managers from business, government, education, military, and health organizations, shows that "successful executives tend to rely less on fact gathering and more on their instincts" (*The Government Manager*, September 5, 1983). The predominant "left brain" school teaches managers to rely solely on logic and analysis.

Agor suggests three ways to develop your intuitive skills: "believe in yourself...executives who make decisions guided by intuition also have the highest profits record; practice...we all possess the ability to use intuition to make decisions;" and "create a supportive environment in which intuitive skills are valued."

A change of climate. Americans' trust in their government and its policymakers increased between 1980 and 1982 for the first time in 20 years. Evidence that the crack in citizen confidence has been repaired appears in a study by the **University of Michigan's Institute of Social Research.**

"The number expressing high levels of confidence rose from 23 percent to 35 percent and the number expressing low levels fell from 51 percent to 38 percent" during those years, according to a *Washington Post* article.

Since 1952, researchers have questioned a large number of Americans every two years to track public opinion. "This is not just an expression of approval of Ronald Reagan's programs," says the *Post*. "Confidence rose among Democrats as well as Republicans, among those who favored increases in government services as well as those who favored reductions." Making government work better helps everybody feel better about government.

Bargain hunting. Requiring managers to contrast the cost of in-house goods and services with "contracting-out" fees will save the government $1 billion annually, according to the Office of Management and Budget (OMB). New procurement rules, issued in OMB Circular A-76, will assure that less-than-thrifty federal managers will shop for bargains before dipping into Uncle Sam's purse.

"Federal managers will have more opportunities to demonstrate their management skills and to improve productivity within their jurisdiction," claims OMB. The agency's **Deputy Director, Joseph R. Wright, Jr.**, promises "equal or improved services at less cost" when offices use the competitive approach to spending the government's money.

FUTURE F·E·D·S

By Donald J. Devine

Speculation about the civil servant of the twenty-first century is emerging as thoughtful individuals develop some striking hypotheses about the federal workers to come. At an address before a recent meeting of the World Future Society (WFS), I took the opportunity to gather ideas from some of the academic community's leading futurists. They were fairly brimming with thought-provoking scenarios of the space age public servant.

Edward Cornish, WFS president, suggests that file cabinets, typewriters and stacks of paper will become office dinosaurs. The information-filtering work normally associated with our employees will all but disappear, and, he adds, so will the often unfair stereotypes of nine-to-five federal workers and paper-pushing bureaucrats.

These WFS ideas are only speculatory, of course. But there are a number of changes we clearly should expect by the year 2000. Pay and retention based upon performance are the types of steps which will positively effect public sector employees. Not only are they good management, they also are demanded by today's worker. A survey by the magazine *Working Woman* shows that men and women, professionals and managers, white-collar and blue-collar employees put higher pay at the top of their list of what they want in the work place.

Yet, three-quarters admit they could be working harder. The workers themselves have a solution: More than 60 percent, a majority in all groups, want a job where pay is tied to performance.

Without pay-for-performance the government of the future will not be able to attract this new, performance-oriented work force.

Reduction-in-force (RIF) procedures also must be changed to fit tomorrow's civil servant. Long established RIF rules penalize minorities and women. For example, women represent 37 percent of the federal work force, however, they represent 42 percent of those involved in RIF's. At the higher levels, women are separated at a two-to-one ratio to their proportion in the work force. Minorities, too, are disproportionately affected. It is not surprising that women and minorities seek changes in the personnel environments of the future. They believe performance should be given greater weight in a RIF rather than seniority, sexual or racial criteria.

Pay and retention based on performance will make government work better. The weight of research and common sense both tell us so. Steps such as these should be part of our commitment to make government work better in the future. ■

"The United States is going through a radical transformation. We are simultaneously experiencing a technological revolution, a communications revolution, fundamental changes in family structure, and a reconceptualization of the role of government. All this is likely to bring striking changes to the civil service." So says renowned futurist and social critic Alvin Toffler, in an exclusive interview with **Management** magazine.

Toffler's ideas about the future of the civil service flow directly from his recent works, *The Third Wave* and *Previews & Premises* (see book review section). Two months ago he discussed the issue of public employee futures when he appeared before a small group of policymakers and speechwriters working in the White House and the Old Executive Office Building.

Toffler comes to town

Although minutes of the session were not made available to the press, one woman participant described it as a highly charged exchange probing into issues about America's evolving private sector. The White House employees were surprised. Several had expected a 1960's-style lecture resurrecting "no-growth" scenarios, future-shocked constituencies, and a defense of increased centralized planning. Instead, the gathering was intrigued by a series of extrapolations from Toffler's latest proposals. His arguments focused on a series of radical social trends, (e.g., family-home work arrangements), spawned from emerging technologies and regulated by potentially dominant state governments.

Pressing Toffler to go further than he has in earlier speeches—or in print—to date, **Management** challenged him to project his Third Wave theories onto the government's future personnel environment. It is important to point out that Toffler does not couch his arguments in Washington policy terminology. Nevertheless, some of his specific recommendations about performance closely parallel civil service reform measures proposed by President Reagan.

Management caught up with Toffler in his New York office and began by asking whether his seminars with members of President Reagan's staff were his first dealings with the White House. Had he not served on the famed advisory panel that worked closely with President Carter's staff and inspired the controversial "malaise" speech in 1979? Answer: No. "Nobody in the Carter White House ever telephoned. But," says Toffler, "many of the things Patrick Caddell and others in the Carter group were saying were, shall I say, derivative of *Future Shock.*"

Merit pay is part of a general move toward de-mechanizing the system — toward rejuvenating the system. Treat employees as individuals, not a mass.

What about his current public following? Many **Management** readers readily call themselves serious Toffler fans. His books have been campus best-sellers and favorites of the new generation of managers educated in the 60's and 70's. But, few would expect to hear praise emanating from Washingtonians like number-one supply-sider Rep. Jack Kemp (R-NY), and prominent Reagan Counsellor Ed Meese.

Riding wave number three

How does he define Third Wave changes? What makes the Third Wave era different from earlier periods? "The Second Wave is my term for the series of changes associated with the industrial revolution. That revolution produced a world of mass production mass consumption, mass education, mass entertainment, mass merchandi ing, mass this, and mass that. The economy required masses of people t do routine and repetitive work in cen tralized offices and factories. Populations were massed in urban centers.

This was true in both capitalist and communist societies. We even create mass synchronization—millions commuting en masse... Rush hours... There is a mass rhythm to all industrial societies. We created a mass society wherever the Second Wave passed."

Notice what happens as the Third Wave of change arrives. "Third Wav industries are moving toward de-synchronization of production—flexitime, continuous flow, 24-hour-a-day bankin and shopping. In advanced plants we see short runs instead of long runs—all made possible by new technologies particularly computerization. Suddenly, it is cheap to introduce variety—machines which produce 60 of this, 140 of the other thing, and 32 of that And this is revolutionary.

"Karl Marx and Henry Ford taught us that mass production was the most advanced form of production. Now that is no longer true. Mass production remains important, but it is an outmoded form."

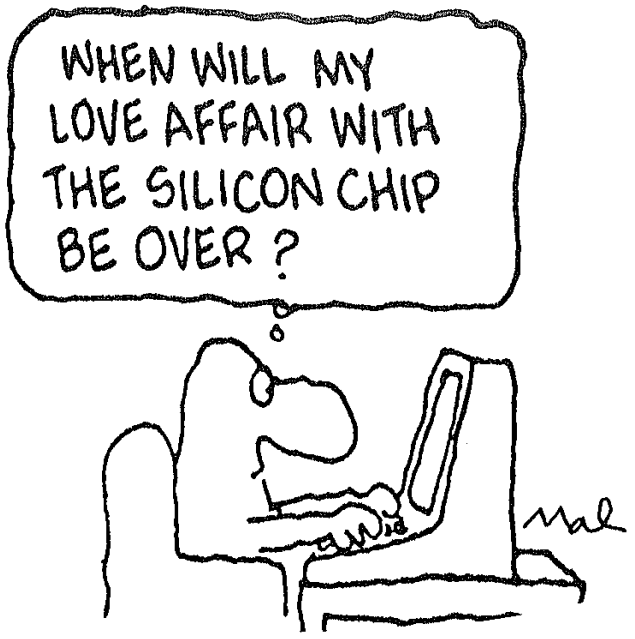
Smokestack bureaucracies

"Now think of federal bureaucracies as factories. They were designed to produce long runs, as it were, of uniform services, rather than custom-tailored responses to rapidly diversifying local, regional, sectoral and sociocultural needs. The public bureaucracies are the equivalent of smoke-

stack industries. And the more socially, ethnically, politically and culturally diverse our population becomes as a result of de-massified communications, family structure and economics, the less it needs uniform services. In fact, the public increasingly believes government services no longer even meet the rudimentary needs of the recipients. There is a mismatch between a more and more non-uniform population and the still-uniform services supplied by public agencies, which is why there is a rising demand to re-think and reorganize the entire public sector.

"This is why there is a sudden pressure on the federal bureaucracy. It is not simply a consequence of political ideology. It's not that simple.

"Reagan can come, and Reagan can go, but those pressures for reform are not going to be diminished... They are," Toffler warns, "going to become stronger. If those inside the federal system are really aware of where the Third Wave is taking the larger society, then they can adapt intelligently."



Adapt or fight

Who can best reform the civil service? "The heroes will be a group of careerists who understand what is happening as the country restructures itself around a highly decentralized economy, culture and Third Wave communities. The successful federal managers will find imaginative ways to reorganize and de-massify their own structures."

Management asked if government necessarily will undergo massive retirements or purges in the name of efficiency during the 1990's. "That could be one of the consequences. On the other hand," responds Toffler, "a lot of people who are scrapped and labeled obsolete can actually be retrained. They may have other skills they could offer, or can develop them. But public employees are locked into a system in which there is a single line of progression and where there is not much lateral transfer going on. A worker's talents might be applicable in another operation, but OPM's system and civil service traditions discourage such flexibility.

"Here's one example of training and flexibility. When *The Third Wave* was published in Japan (and sold about 500,000 hardcover copies), I met my publisher's sales manager. He was a man in his 50's and only recently had gotten that job. I asked what he had done before. He explained he used to be an acoustical engineer in the broadcasting division of his firm. When he reached a certain age, they moved him over to books, and helped him develop new skills in a totally different field.

"The image of the classic government department is one of hierarchical, pyramidal organizations with permanent functions and lines of career progression. Everybody is graded and has an in-step rating. Everybody's salary is fixed and everything is set up like an old-fashioned machine. That organizational form worked in a traditional industrial, Second Wave environment. But tomorrow's tasks can no longer be carried out efficiently by such factory-style organizations."

Toffler points out innovations inside the system already are slipping around such barriers. "So, we begin to see task forces, temporary teams and project organizations which cut across the permanent hierarchical structures. We see a variety of matrix structures. We can develop a multi-dimensional matrix form of organization. I hasten to add that the matrix is not a panacea, but it often makes more sense than the old one-boss, one-function system."

Toffler believes advanced organizations already are hiring people who hold new types of expectations. Rather than forcing people to function with just one boss, he explains, "You need employees who can function very well with multiple bosses and multiple functions. On one team, Joe is my boss. On another team, Jane is my boss. And on a third team, I am the boss—all at the same time." Such a system, Toffler believes, needs managers capable of juggling complex attitudes toward authority and hierarchy. "Don't just be a GS-12 in all of your relationships," he advises. "For certain functions you may be reporting to work as a GS-12. For other functions, you will be the equivalent of a GS-15."

Office environments envisioned by Toffler also will undergo massive changes by the 21st century.

"Look at the huge buildings your readers work in," he points out. "Most have parking lots, cafeterias, locker rooms. These are a drag on productivity, but are essential because we still commute. Figure out the costs of those and add the actual costs of commuting—gas, tolls, roads, highways, police—the whole infrastructure required when work depends on commuting to central locations. Whether the government or the workers realize it, each worker is paid a hidden transportation subsidy. Now, compare all that to the cost of staying home with a little computer or word processor and doing some work—not necessarily

all of it, not necessarily full-time. You begin to see a way of getting the same jobs done with a hell of a lot less money. I believe we'll see a gravitational shift in this direction. Even now, many managers work three weeks in the office and then work at home a few days simply to get the job done, because the office isn't conducive to work."

Merit pay

Will merit pay and other controversial changes move workers toward the future, or is merit pay a throwback to earlier values and managerial styles?

"The discussion of merit pay," responds Toffler, "is part of a general move toward de-mechanizing the system—toward rejuvenating the system.

"For example, the new kind of Third Wave smorgasbord fringe benefits plans provide flexibility in private industry. They treat employees as individuals, not a mass. And they allow them to custom tailor their fringes. For example, older government workers might prefer additional money be placed in their pensions instead of having so many vacation days stacking up. The younger person might want to go skiing more often, and might be willing to surrender a few bucks in the pension. "People have different needs and different requirements at different stages of their life cycles. Why should they all be treated uniformly by their agencies?

"If the Office of Personnel Management can provide a menu of rewards and options to federal workers, the government will be permitting greater individualization. Demassification, it seems to me, goes along with the move toward merit pay and the trend—which I'll discuss in a moment—toward privatization."

21st century Articles of Confederation?

In addition to flexibility, Toffler sees an unavoidable trend toward the decentralization of many Washington functions. "This may well lead to a reduction of the Washington work force," he says, "perhaps, the transfer of many jobs to states or regions—although I must add that I'm by no means a traditional states-righter. Many workers no doubt will move with their jobs. Rather than state employees, they may become city or 'regional' employees."

How big a reduction for Washington's central bureaucracy does he expect by the year 2000? "That depends on the political struggle. It depends on the flexibility and intelligence with which the members of the bureaucracy and the civil service reorganize and restructure the system themselves.

"But there's a bigger issue. I see the need for us to create a looser political structure for the U.S. . . .and I hope we think deeply about instituting constitutional changes before we encounter the kinds of bitter separatist movements that we see in Western Europe and Canada.

"Most people in Canada, Scotland, Wales, Brittany or Corsica really don't want to breakup their national framework. Yet, they want much more autonomy within the national system. This growth of regional consciousness mirrors deep economic changes I tried to describe in my recent books. The economy is de-massifying and that must and will have a political reflection."

Asked if he's proposing a set of new Articles of Confederation for the 21st century, Toffler answers, "That might be a parallel. Hamilton's *Federalist Papers,* which called for strong, central government, were exactly right for his time. But his time was at the beginning of the industrial age. Now, we are starting to move out of the industrial age and it well may be that a looser 'federation' is required."

Could conflict result between traditionalists supporting 20th century organization structures and those calling for reforms? "One hates jure up nightmare scenarios : violence, but I do not think it is too far fetched for us to begin to think now about the possibility of extremely militant separatist movements, regional movements and so on in the years ahead.

"Consider that many regions in the U.S. have economies as large and complex as the national economy of the 1930's. So, we really are dealing with a number of 'nations,' entities which will begin to question central banking restraints and central regulatory authorities. I've been pointing this out in my work since before 1970.

"Remember in Canada, in the 1970's, two British officials were shot by the extremist wing of the Quebecois? If, at that time, you had said there would be a serious push for separatism in Canada, it would have sounded absolutely inconceivable, yet events proved otherwise.

"Such things are no longer inconceivable, even in the U.S. The United States ought to he looking at some of the constraints that ruin the ability of our regions to develop more flexibly. There is growing variety. Certain manufacturing activities, for example, must advertise over a whole national market. It cannot he done locally or regionally. But an increasing number of industries, thanks to technology, can now prosper on a much smaller scale—they don't require, nor should they pay for centralized national policymaking."

Bureaucrat "cooperatives"

"Also, the lines between public industry and private industry are beginning to blur. One can imagine, for example, government offices contracting out certain tasks to he done by small groups of ex-civil servants who set themselves up as private enterprises, or even—who knows—as cooperatives. Why does the federal government have to vertically integrate or internalize office work, for example? Why can't a great deal of it be contracted out?

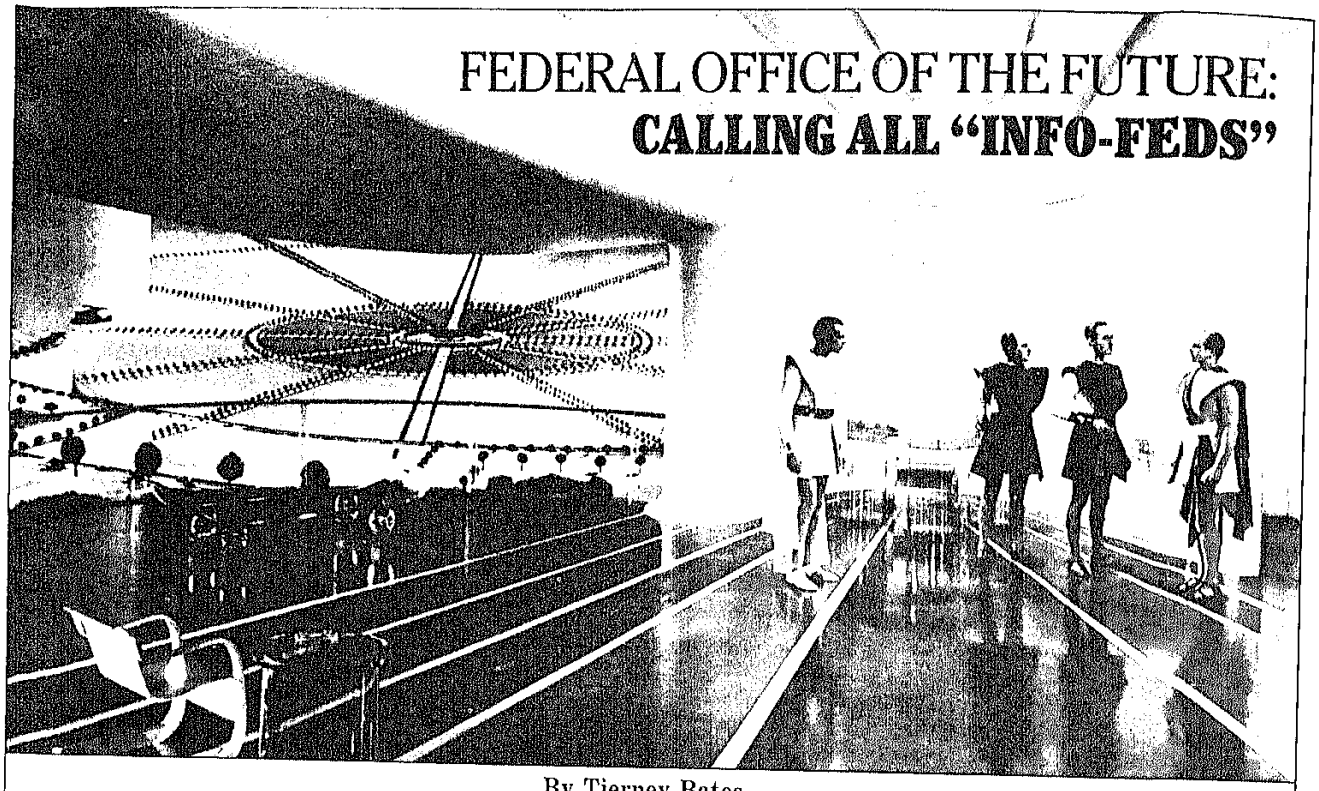
"Now, as giant organizations break into a lot of smaller modular units, the federal frame could become much thinner, and the parts of the organization more temporary, flexible and responsive to changing and increasingly diverse public needs. You have ... pleasant."

Toffler believes his 21st century organizational model will improve accountability.

"This change," he notes, "creates the possibility for greater checkability in each organization—it can respond to citizen needs and changes more sensitively." Toffler concludes by reiterating his initial challenge: "The federal establishment is full of highly intelligent, highly dedicated, hard working and frequently innovative people. The problem isn't the people. We have smart people in dumb institutions. Our institutions are dumb because they are obsolete.

"As individuals, we aren't doomed to be victims of change. Rather, our future depends on how we choose to restructure our institutions and readapt our careers." ■

FEDERAL OFFICE OF THE FUTURE: CALLING ALL "INFO-FEDS"



By Tierney Bates

Disconnecting customers from their umbilical reliance on telephone operators didn't begin until 50 years after Alexander Bell invented the gadget in 1876. By creating a direct dial system, the telephone industry introduced us to the age of ergonomics—"user friendly" machines. In the future, compatibility between people and machines will be an important element in offices—compatibility opens the information terminal to non-programmers.

During the first half of the century, phone operators were specialists, "key operators" in today's jargon, who bridged the transition between old-fashioned vacuum courier tubes and offices with phone units atop every desk. Today's federal workers don't have half a century to contemplate a similar transition: Government workers are already becoming computer operators.

In the next century, federal offices will be filled with a computer-literate breed of "info-feds" who have learned to use their desk-top companions. And many more employees may be working at home, linked to other personal computers, word processors and larger computers. "Fifteen million workers are expected to earn their incomes at home, using some form of computerized help, by the mid-1990's," according to a recent issue of *Training*. SRI International, a market research company which studied 6,000 individuals in 3,000 American organizations, projects that one in four white-collar workers will operate word processors and personal computers by 1990. If these projections prove accurate, the federal work force will be a very different cadre in the 21st century.

Feeding info-feds

Creation of an info-fed work force will occur, as most major changes do, by transforming work patterns at the staff level first. A new office—the information center—loaded with computer-smart professionals such as data control operators, computer-console operators, and computer programmers will teach managers, executives and other workers to use personal computers.

Apprehensive trainees should take courage from a *Consumer Reports* statement that "writing a program in order to use a computer is no more necessary than writing music in order to whistle a tune." Non-programmers will be able to communicate with each other electronically and to use information available in the organization's mainframe computer. These centers will provide software programs, give training in various computer languages and answer questions about creating new programs.

"The driving philosophy behind the information center concept is that end-users learn to program their own reports practically on their own with the software tools provided," says William Clarke, a senior manager at the computer services of Dun & Bradstreet Corporation. Private companies such as Exxon, Standard Oil and Bank of America already are operating model information centers within their organizations. General Services Administration and the Agriculture Department are leading the federal sector with newly established centers in their agencies.

But it's your dime!

Managers and other employees who claim they don't have time to learn how to operate a computer are ignoring the tool's potential. An extensive study by the consulting firm of Booz-Allen and Hamilton claims that by 1985, computers in the work environment will bring time savings of 15 percent in the typical office. SRI International claims computer use can raise an executive's productivity by 14

percent, a middle manager's by 20 percent, and the clerical staff's by 40 percent. "The typical executive now spends 94 percent of the work day on communications, and only 3 percent on functions such as problem-solving and planning," according to the article in *Training*.

Info-feds who learn to gather information and communicate with others on personal computers buy themselves more time for analytical and creative work. Personal computer systems can store a large amount of information, search it quickly, and print out hard copy. Electronic spreadsheets help with the complicated task of financial planning and budget projection. Figures can be manipulated faster than Pac Man darts through his maze, and the original matrix can be retained. The more sophisticated computers have "intelligent" terminals with a built-in storage capacity ("dumb" terminals store information in a larger computer), so managers have instant data without having to get in line to go "on-line."

"Keep me posted"

Project management can also be simplified. Managers can ask their employees for an electronic status report on pending assignments. This can be stored as an ongoing request to which the employee responds weekly or monthly. The subordinate can answer electronically by entering the necessary information and filing it in the appropriate category: it's there when the boss checks that file. This efficient communication system also saves time during staff meetings, because there's no need for a detailed review of assigned projects. It's the most efficient way for a manager to achieve the "keep me posted" ideal.

An employee's personal computer will also be used for calendar scheduling and to prepare and distribute meeting agendas.

The generic operator

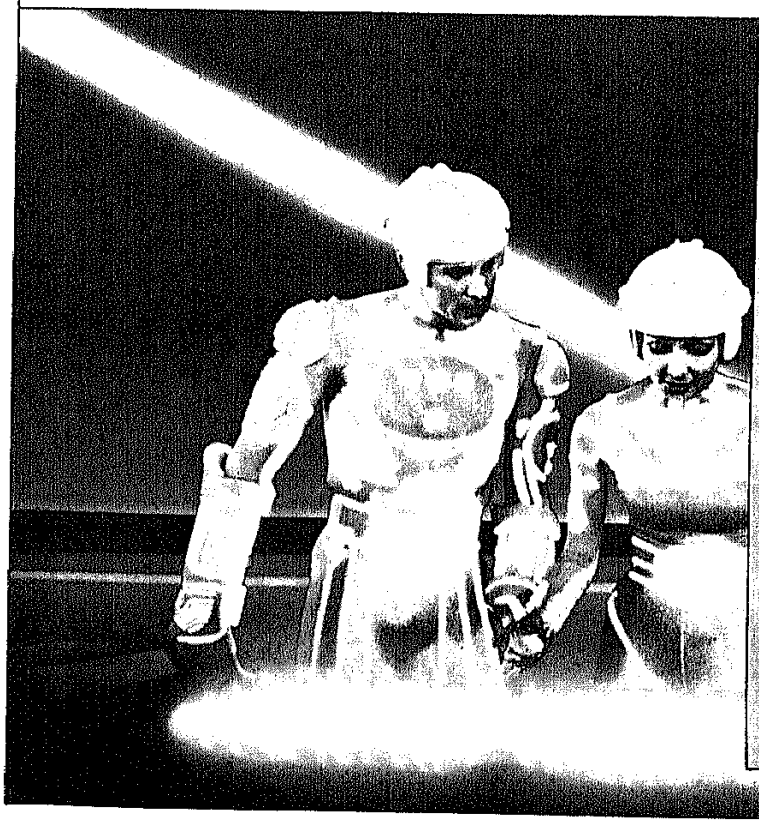
History shows us that technological advances typically lead to changes in the work structure and computers are accelerating this change. One of the many benefits to transforming today's workers into info-fêds is that it opens the traditionally white male-dominated computer clique to women and minorities.

"The future is rushing toward us, and women must not be caught unprepared," warns leading science writer Isaac Asimov. "If women remain reticent about pursuing these fields," Asimov continues, "they abandon the world of computers and their future to men."

Job opportunities will increase as information centers are established and office automation leads to higher demands for maintenance and repair, design, and research into artificial intelligence.

As the current emphasis on performance management suggests, federal managers will be rated and rewarded based on their offices' output. By learning how to efficiently operate personal computers, all managers have an equal chance to improve both their office's and the organization's productivity. But only if they let go of traditional, out-dated management tools.

By the year 2000, a personal computer at every work station will be as familiar as today's office telephone. Some believe this break from the tradition of using "experts" to man the terminals is a mistake. Mid-level managers and executives should leave typing to the clerical staff and computer operating to the technicians, claim these critics, because these are a waste of managerial talents. But the writing is on the screen: a young, adventurous info-fed cadre is taking off for the 21st century and skeptics who fight the transition could be left behind. ■



Computer Parlance

Acoustic Coupler: Also called a modem, it is used to transmit data over a telephone line, by placing the receiver in a "cradle" device.

Baud: Measure of the speed at which data is transmitted. Common speed for a word processor is 300 or 1200 baud (30 or 120 characters per second).

Bit: Abbreviation for binary unit. It's the smallest unit the computer can sort (e.g., one number, letter, punctuation mark).

bps: Bits per second. It measures the rate of information being transferred on a data channel.

Byte: A sequence of eight bits. The smallest addressable unit in a computer or word processing system. Generally, one byte equals eight bits.

CPU: Central processing unit—the computer's "brain"—interprets and executes the user's instructions. Also called a "chip."

Data Base: The communication lines, modems and communication controls used to transmit information between two or more stations.

Echo: A communication mode that sends back to the connecting system a repeat of every character it receives. Allows user to visually check for transmission errors.

Hardware: Electrical, electronic, magnetic and mechanical parts of the computer (e.g., screen, keyboard, disk drives, printer).

Input/Output: An input device (i.e., keyboard) feeds information into the computer; an output device (i.e., printer, monitor) takes information from the computer. Modems, cassettes and disk drives are both input and output devices.

Off-Line: When the computer's communication link cannot be achieved.

On-Line: When the computer's communication link has been achieved.

Program Disk: Also called a utility disk. It's used for loading the instructional software.

Software: A stored set of programs and routines which runs the computer's hardware.

Terminal: Also called a monitor, it's the screen used to display information.

SWITCHING GEARS:
TRAINING FOR THE 1990's

By Joyce Cannady

"It's time to break away from the paper and pen mentality," says Gloria Harrington of the Office of Personnel Management's Center for Information Management and Automation (CIMA). Harrington's job is to direct government managers, para-professionals and clericals into training which will serve them in the offices of the future.

The Center's *Government's Trainer* catalog of courses states, "Office automation is not just word processing. It includes, among other technologies, electronic mail, computer graphics and microcomputers. Users are no longer technically trained professionals, but all office staff.

"Federal workers have entered a transition period," she points out, and there are many "thorns" in the training and adjustment period. While solutions to some problems may sound like common sense, they frequently are overlooked.

"Hands-on instruction is a necessary first step. But there are other factors," advises Harrington. "Frequently, managers are puzzled when employee productivity decreases after training. What we have to realize is the transition from manual operation to hi-tech operation can be intimidating—whether trainees are clericals, para-professionals or managers. One of my students complained he'd managed a $40 million budget, but couldn't find an "A" on the keyboard. Some of the best typists freeze up in front of the screen. It's okay to make mistakes, most mistakes are reversible," she says.

Ellen Sigalla, Program Coordinator for Secretarial Studies and Office Skills at the U.S. Department of Agriculture's Graduate School, agrees. "Many times, secretaries are not given adequate time after training to adjust to using the computer," she adds.

Ergonomics, the science which deals with human and computer compatibility is becoming a buzz word among computer-age office managers. An article in *Newsweek*, "Making Machines Fit People," August 29, 1983, reports the National Academy of Sciences has concluded that VDT's (video display terminals) "are not inherently dangerous—they don't emit too much radiation, for instance—but their use and design can lead to stress, eye strain, backaches and other maladies."

Changing the position of the terminal for comfort, using green light to lessen the intensity of images on eyes, positioning the keyboard for maximum reaching comfort, or shielding screens from direct sunlight are some common sense examples of ergonomics," Harrington explains.

As in university and private sector business schools, the computer/information management courses offered by CIMA and the USDA Graduate School attract a substantial number of highly motivated, forward-thinking employees. Typically, courses last three to four days and are structured to fit various levels of progression and special interests. (See "Courses" section below.) ■

Courses:

The following government courses are for managers interested in updating their skills or those who need an introduction to office automation.

OPM Center for Information Management and Automation

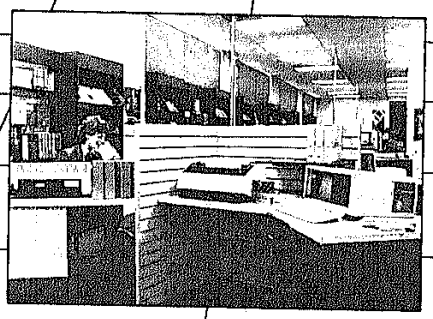
Computer Programming for Users/Managers:
Participants learn the fundamentals of program design; gain an insight into the complexities of programming; learn to interact more efficiently with computer specialists. (March 26-30)

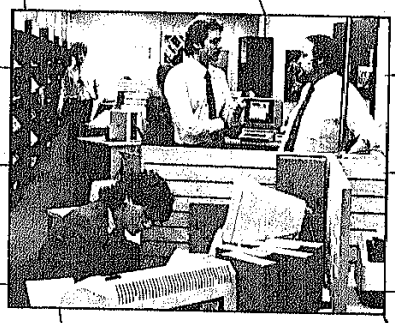
Introduction to Office Automation:
Through lecture and demonstrations, participants learn office automation terminology and technology; development of automated office systems; components of office automation; hardware and software; human factors in office automation. (January 12-13)

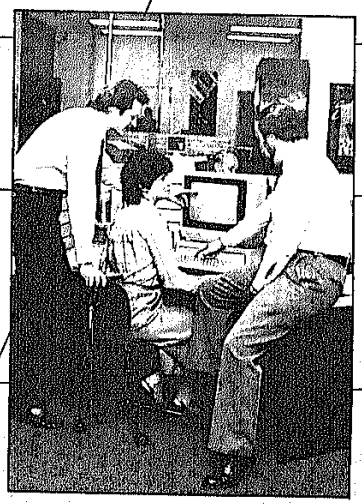
USDA Graduate School

Advanced Seminar on Information Management in Public Administration:
The course includes a look at approaches and methods for planning, budgeting and accounting for information resources; the role of information management in public policy analysis; need and scope of information management in the public sector. (February 6, 13, 21, 27)

Computer Store Opens at GSA







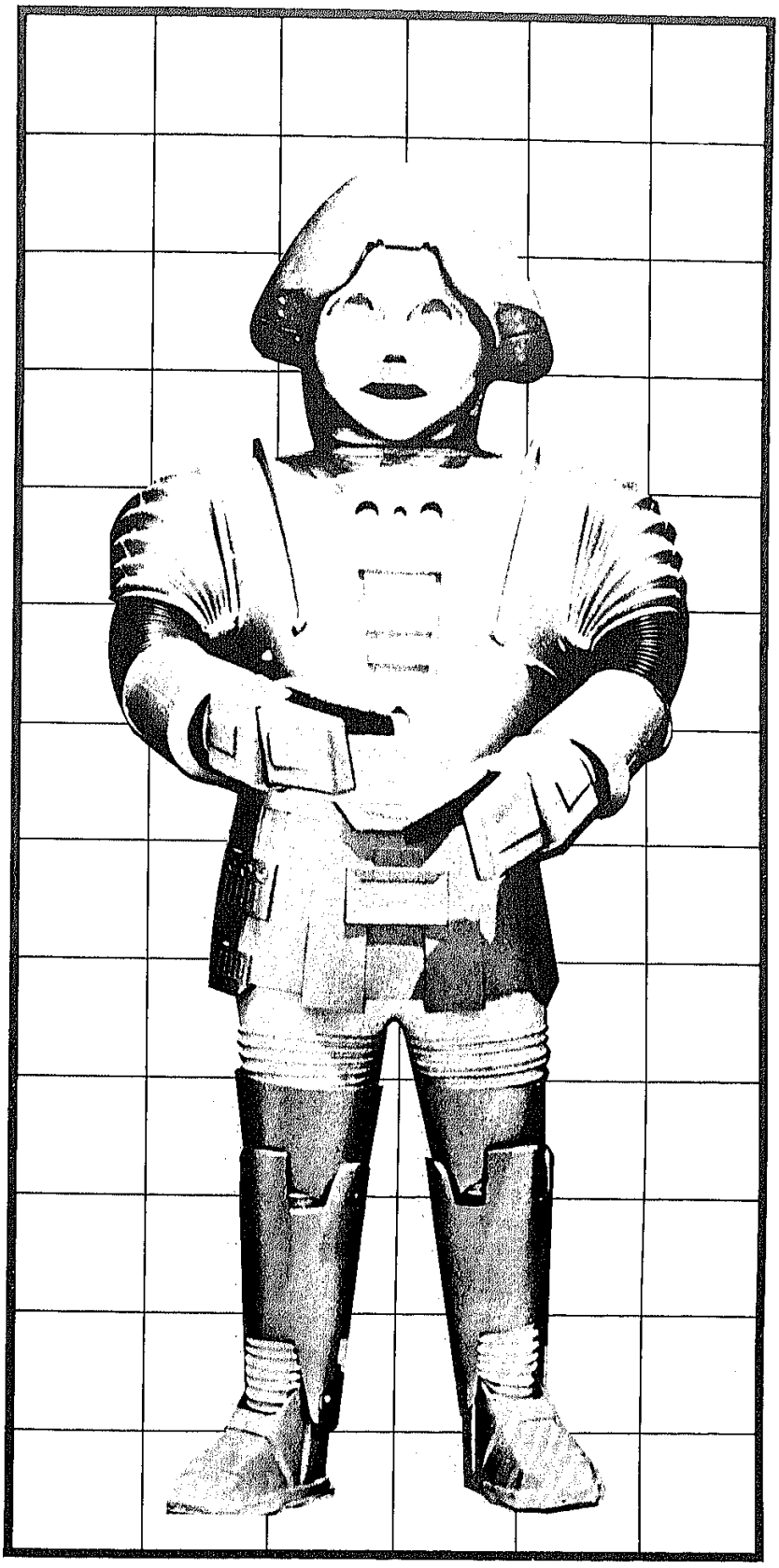
There is a new whiz kid shop on the block. "Office Technology Plus," the GSA computer store, is the brainchild of Administrator Gerald Carmen.

By servicing the retail market inside government, Carmen plans to make it easier for federal managers and supervisors to follow in the "productivity footsteps" of successful computer users in the private sector.

Shopping this way is an obvious time saver, giving managers an alternative to normal procurement procedures and the need to travel from one company representative to the next.

There are other benefits to shopping at the store. Customers are entitled to six, no-charge, one-hour "get acquainted" seminars that stress basic capabilities of microcomputers.

Located at GSA headquarters, 18th & F Streets, N.W., the store is open from 8:30 to 5:00, Monday through Friday. For more information, prospective shoppers can call 371-2150.



If you want to send a memo to 400 people, press the right buttons and it goes there through the electronic ether.

Say goodbye to dictionaries. Companies are already perfecting computer fun programs to check grammar and spelling. Goodbye Rolodex. Goodbye tape dispenser. Goodbye pencil holder. You were fun while you lasted but you've cluttered up my desk long enough. The only things I need on my desk of the future are a telephone, an ashtray, and a picture of my wife and son.

These changes won't come, of course, without some fear and loathing. Writing meant putting things on paper so you can hold them and look at them. Computers turned your words into electronic blips that disappear to who-knows-where? And which can't be found again without magical incantations.

As if to show me who was boss, my computer pulled the net from underneath me. After composing 13 pages of original work on my word processor, all out of my head, I turned around and accidently kicked out the plug. I froze at the sound of my computer's decelerating hum. I closed my eyes and prayed, "Please have a safety mechanism. Please don't let have happened what I think just happened."

I turned around and opened one eye. My computer sat there lifeless, its screen dark. Frantic, I plugged it back in. Maybe if I acted fast enough it wouldn't die. Its hum came back. Its screen lit up. I punched the buttons t get into the memory, and while everything else was there, my 13-page document was no where to be found. It was gone. Disappeared. "You lousy, no good, piece of junk! What did you do with it?! Give it back!"

My raving was to no avail. Th cle had gone to computer limbo. weeks thereafter, anytime any p of equipment failed me, I would and sarcastically say, "Technolo my friend."

But, that incident was my onl experience with the word proces We are now fast friends and I c ever having to type on anything I look forward to the realization *Star Wars* predictions for the e expanding use of computers.

Not bad for a guy who seven ago was typing on an old Royal. bad for a Rip Van Winkle. ■

SENIOR EXECUTIVES *AFTER* REFORM 88

By Ern Reynolds

More than any other government employee, a member of the Senior Executive Service (SES) could benefit most from the ongoing changes brought about by information technology. It can happen, but will it? Reform '88 suggests it must happen.

Being in the right place at the right time is not quite enough to determine this outcome. By virtue of rank, an SES member is already in the right place to take a leading role in the information revolution.

The SES career environment is reacting to three forces of change: Broad technological developments are sweeping our society, recent legislation requires new management practices, and the President is determined to make the federal government work better.

Can each SESer turn this opportunity into solid achievement? All the pieces exist waiting to be put together. Who will bring about the blend? The Reagan Administration is planning for a special kind of new person within each government organization—a proactive "change agent" to improve dramatically operations no later than 1988.

The President's Management Improvement Initiative: Reform '88 was announced on September 22, 1982. This six-year plan will be the impetus and the Paperwork Reduction Act (PL 96-511) will be the vehicle to correct the short comings of federal information technology management practices by 1988.

Inside sources suggest a deliberate linkage to one more law. When the Civil Service Reform Act of 1978 created the Senior Executive Service, each senior executive was promised the ability to cross the hiring boundaries between departments and agencies. Reform '88 is likely to provide the executive mobility to make that promise a reality.

By the conventional wisdom, an SES member is supposed to be trained. It is exceptional for an SES member to be hired and then trained for the assignment. Widespread belief in the single specialty approach remains thoroughly embedded in the federal personnel stucture in spite of the Civil Service Reform Act of 1978.

Today, narrowness is becoming less of an asset and more of a liability. Just as disparate technologies have been merging, so have disparate specialties been merging. The most employable person in 1983 is neither a specialist nor a generalist, but a multispecialist.

Federal personnel shops increasingly recognize the combined impact of these changes on the SES job market and are trying to adjust. Reform '88 and the Paperwork Reduction Act are not just prods but constructive aids in this growth process.

PL 96-511 may be called the Paperwork Reduction Act of 1980, but it deals mostly with paper's replacement—computers. It authorizes a new managerial approach called "information resources management."

If your agency's end product is regulations or money, then its work is information-intensive. To handle this condition, society and technology have moved irreversibly in the direction of computer-based communications. A federal supervisor would be forced to adapt to this environment even if Reform '88 and PL 96-511 did not exist.

PL 96-511 authorizes the management of information as a resource. If the government pays to acquire information, then it must be managed as prudently as a supervisor would handle any other valuable asset (people, facilities, money). In doing so, the person becomes a change agent envisioned by Reform '88.

This new job of change agent could also be called a "federal information manager" or "Info-Fed," although its function is not presently categorized in the government's 330 occupational series or elsewhere. The job is authorized by implication in PL 96-511 and will become a reality under Reform '88. This change agent need not be computer expert, but, as an information technology manager, he or she must embed computer-based techniques into every appropriate act of his or her organization.

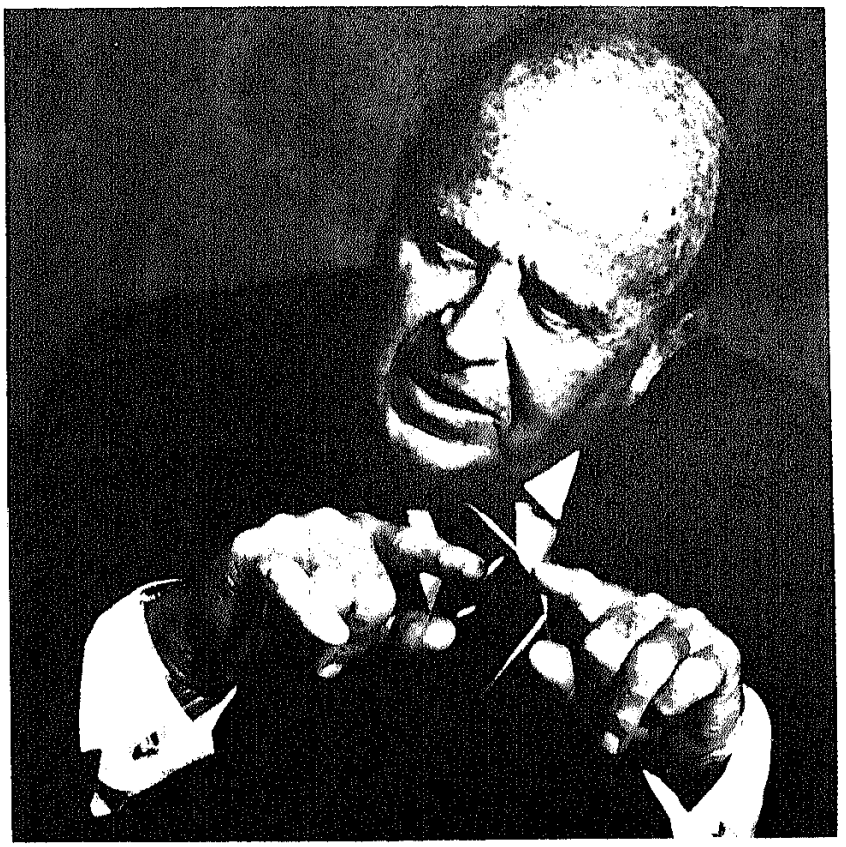
Information technology management may not be familiar to each senior federal manager, but it can be with education. Education imparts understanding, while training imparts skill.

The work experience of every senior federal manager is significant and relevant to information technology management, because the specialty base is already there to build upon. The motivation and means exist for any member of the Senior Exective Service—both appointive and career—to make that experience prime. The nation will be stronger for it.

Ern Reynolds is a lawyer serving as a Special Assistant at the Department of Health and Human Services. The views expressed are his own and do not necessarily represent those of DHHS.

Peter Grace Blends Parsimony and Patriotism

By David A. Turner



"Do your people know they're playing with fire—and the fire's winning."
—Finnian's Rainbow

Peter Grace is the driving force behind the sweeping changes endorsed in the President's Private Sector Survey on Cost Control. What sort of man is he and how does he view his mission in Washington?

Controversy has surrounded the industrialist from the moment he took charge of the President's survey group. In what has become a Washington ritual, some of the debate over his plan to trim federal expenditures has been turned into an argument over the intent and personality of the Commission's chairman. Today, Peter Grace's politics, personality and, most important, his motives are intimately linked to the future of his policy recommendations. And those proposals are of major importance to all federal employees (see "Tightening Federal Purse Strings," this issue).

"Half of the lies my opposition tells about me are not true."
—Eli Roach, Irish politician

Something of a political "unknown," the New York industrialist's 1982 appointment was greeted with skepticism by leaders of the tax revolt lobby. They feared Grace was a "Kennedy Democrat" who would attempt to short-change the President's dollar-saving campaign.

As the magnitude of his proposed reforms have been revealed, however, new characterizations ("Scrooge," "carpetbag cost-cutter") have been hurled at Grace. Initial reports indicate at least 2,300 suggested changes are included in the survey and Grace believes these steps could save Uncle Sam approximately $350 billion. Small wonder some official toes felt stepped upon. A number of

these toes now itch to do some stomping back.

With the final Commission reports just coming off the press, **Management** met with Grace to give him an opportunity to discuss his Commission's reform proposals for our readers.

"I'm given to understand a professional wrassler can be a highly amiable fellow—except when he's collecting on loans."

—Texas Gov. Miriam "Ma" Ferguson, 1922-1932

One phone-in guest on federal news expert Mike Causey's Washington radio show recently speculated that Grace bears a "Darth Vader" complex and enjoys "swooping down" on government workers. Journalist Causey came close to agreeing.

Long-time Grace observers strongly disagree. A *Wall Street Journal* reporter insists the bureaucracy is fortunate to have Grace handling this extremely tough assignment. The business reporter says Grace is a remarkably considerate individual with a delicate managerial touch. Nor does he have, we are assured, any special axe to grind with Washington.

Privately, a number of Congressional figures also view Grace as a hero able to take the heat, defend "much needed" fiscal reductions, and avoid scarring the reform movement's future with the unseemly mark of partisanship.

To date, almost no one has claimed the middle ground on the Peter Grace issue. Fewer, still, believe Grace's style and persuasiveness will be unimportant factors as his proposals go through Washington's legislative and regulatory gauntlet.

Tough enough

Asked to compare himself with his well-known friend and tough, government reformer, William Simon, Grace quips that he views himself as a sweet-and-gentle soul.

"I love him, but I'm completely different from Bill. He is so impatient. As a bond trader with Salomon Brothers, he learned to do everything in a second. He has a very low tolerance for delays: I don't mind sitting and chatting."

Indeed, individuals who have worked with both executives report that Grace lacks the famed temper of former Treasury Secretary Simon. Yet, Grace reportedly possesses a warrior's tenacity—once he has waded into a cause. He simply refuses to register overt emotional responses when the inevitable reversals begin cropping up.

Grace, a lifetime New Yorker, says he now spends almost half of his work time in the Federal City. His Washington days are divided between work on the Commission and duties with those parts of his sprawling corporate interests located in D.C.

Wealth of management decisions

One reason Peter Grace can spend so much time on his volunteer job is the fact he has already chalked up more years as a major-company Chief Executive Officer (CEO) than any individual in the United States. They have been lively years. W.R. Grace, Inc., the financial empire he oversees, is one of the most colorful and aggressive corporate risk takers in the annals of American business.

"I'm nervous. I get nervous when Wall Street gets nervous."

—Mark Russell

Best known for its international chemical and rail holdings, the Grace firm was a pioneer developer in Venezuela's wild-and-wooly Maracaibo oilfield. Today, the company has 82,200 employees and manages a variety of investments.

J.P. Bolduc, who has served in the Ford Administration, and is now Grace's corporate Vice President for Financial Planning and Analysis, admits most government employees probably have not heard a lot about Peter Grace. "He is, however, a living legend in the private sector," Bolduc tells **Management.**

Jack Kennedy's expert

Bolduc also points out that Grace has experience in the federal government's policy-making circles. In 1961, he served as a chairman for President John Kennedy's Alliance for Progress food program.

Democrat Grace has not forgotten the time he spent in Washington, nor the impressions he gathered about the role managers play in the government's hierarchy.

"When Donald Keough, President of Coca-Cola, set the draft report on my desk," says Grace, "the first thing I noticed was it offered no provisions which would give federal supervisors those authorities needed to motivate their teams. Donald, as you may know, is strong on 'management for excellence' programs. And he was in full and immediate agreement.

"The task force pointed out that all our members were highly impressed by the overall quality of federal managers. . . they know their jobs and are competent. But they badly need the newer generation of management tools being developed in the private sector.

"Keough and John Penlicher (CEO of Marshall & Ilsley, and a Commission task-force leader) have added the performance management provisions to the final Grace Commission reports.

"You know," continues Grace, "it's people like Don Keough who've made this thing work—and at no cost to the taxpayer. I take that back," he quickly notes, "Janet Colson, who's a liaison with the President's office, does spend some time working with the Commission, and her salary, of course, is paid by Treasury.

"Perhaps, the reason I was asked to head this effort was because somebody figured out I knew some bright men and women, and could get them to pitch in. And I don't care if they're Republicans or Democrats."

How did Peter Grace get this assignment? We asked about the ground work leading up to his appointment by the President.

"There wasn't any," Grace chuckles. "Actually, I really don't know why he picked me, do you? I was having lunch with Rupert Murdock, who owns the *New York Post* and a lot of other newspapers when my English secretary came barging into the dining room. She has a fantastic sense of humor, so when she said the President was on the phone, I thought she was clowning because of Rupert Murdock.

"I said, 'Come on Cynthia, you're not as funny as you think you are.' But she insisted I go to the phone—and sure enough.

"The President said that when he was in California as Governor he had asked the private sector to come in

and look at all of the government operations. He asked for an efficiency audit. They came up with 2,200 suggestions. He said he took 1,600 of them and saved quite a bit of money—a couple of hundred million—for the state.

"He said he would like me to do the same thing in the federal system. And he said he had a meeting that morning to discuss a bunch of names for the Commission. He claimed I won unanimously. I come from a generation that believes you can't turn down the President of our Republic when he asks for your help."

What kind of work environment does he envision for Washington after he has completed his work with the survey?

"Washington needs a general taxpayers' audit about every five years. There is no doubt about it. Nobody down there has the courage to stand up to Congressional demands for more and more services, more and more demands placed on the bureaucracy. It is, however, politically feasible for me, an outsider, to do this. I know my critics charge that I'm coarse with these cuts because I don't work in the system. But the kind of job I'm doing has to be accomplished by an outside group.

"The President asked if I would come down to Washington and look for waste and inefficiency. We began looking at every possible opportunity where money could be saved...it has emerged as a top-quality audit...the type that company shareholders appreciate being made in private sector companies. Here's the bottom line we discovered.

"After paying its 'expenses,' government finds itself with about $100 billion left to run itself. That amounts to $34 billion in 1964 dollars. And in 1965, we had $78 billion. So, we have less than half of what we had in real dollar terms to run the government as we had in 1965. Despite the fact everybody, due to bracket creep, is paying about 25 percent higher taxes in terms of marginal rates or average rates.

"The average family is paying 25 percent more taxes, yet we are in this unbelievable situation where you have $100 billion of free revenue after you have allocated all of these other expenses—and your deficit is $210 billion.

"You show me a business where the sales are $1 million and the loss is $2 million, and you'll be showing me a firm that's bankrupt."

Why not raise taxes as suggested by columnist George Will, we asked Grace. Doesn't Will believe Americans are severely undertaxed?

"And he's not alone," responds Grace. "But the tax solution to this problem will not work. If you take adjusted gross income, what everybody has, and reduce that to the taxable income, you would capture 90 percent of the flow at the $35,000 mark.

"About 90 percent of the taxable income is under $35,000, and you have a total free revenue for running the government (having already paid various increased fees and the big five entitlement programs) of $100 billion. But there's still a deficit of $210 billion. Taxing isn't the solution to that problem. That's when you begin looking at cutting down expenses.

"I have nine children and 12 grandchildren. To me, we are living in a most unbelievable situation and I'm concerned for these younger generations.

"This is my 'motive' for tackling the problem so vigorously. You keep asking me how I feel about federal workers, whether I realize the changes I'm recommending will disrupt the lives of some folks in government? I am much more interested in the 81 million American families who pay taxes. Your

"Middle age is when you're home on Saturday night and the phone rings and you hope it isn't for you."
—Ogden Nash

"Those who expect to reap the blessings of freedom must, like men, undergo the fatigue of supporting it."
—Thomas Paine

"Dese are de conditions dat prevail."
—Jimmy Durante

readers are part of this number, and in the larger picture, they too, are getting hurt by all of this.

"If I have any professional skill, I guess it's mathematics. By my figuring, I see a child of 13 today will have to face a $2 trillion deficit by the year 2000. That's a heck of a burden for a 30-year-old taxpayer to carry.

"If you want your child to live in a society such as the one that would exist under those conditions, then you should not be concerned at all about any of this."

Does he view himself as a Howard Jarvis coming to town to clean house? Actually, Grace views himself as the chap who precedes a Jarvis figure—the guy with the warning and with some ideas for averting any rough-house reforms. He also has some ideas about how a consensus will form to support his Commission's recommendations.

"During the 1970's, I was chairman of an advisory committee to Mayor Abe Beame. We were scrambling to help with New York's fiscal problems. At that time, the city was funding its operations with $6.2 billion of short-term debt that was being rolled over. That was crazy.

"So, I get this call from leading bankers who say, 'By the way, we're not going to renew the city's short-term debts. We just thought you'd want to tell the Mayor.' "

"It was a crisis which was solved—immediately—through state credit, the Big Mac's. But, strings were attached.

"Suddenly, officials had to find a lot of ways to cut down the expenses of New York City. These were steps which—if you had dared to mention under the political environment that preceded the crisis—would have gotten you hooted out of town.

"Facing reality, you see, people were willing to adapt. Now in Washington, the stuff is about to hit the fan. It has to happen because we cannot go $200-, $300-, $600 billion, $1 trillion into debt. There is a limit in this world to everything. We are wrecking every family, young family, wanting to buy a home of their own. They are having to pay 2 percent higher interest rates on their mortgages because of these federal deficits."

Granting that we face a crisis,

"It depended on how decent they were. The last public survey I saw on the issue showed employees finally came around and realized things needed to be changed, things were bad.

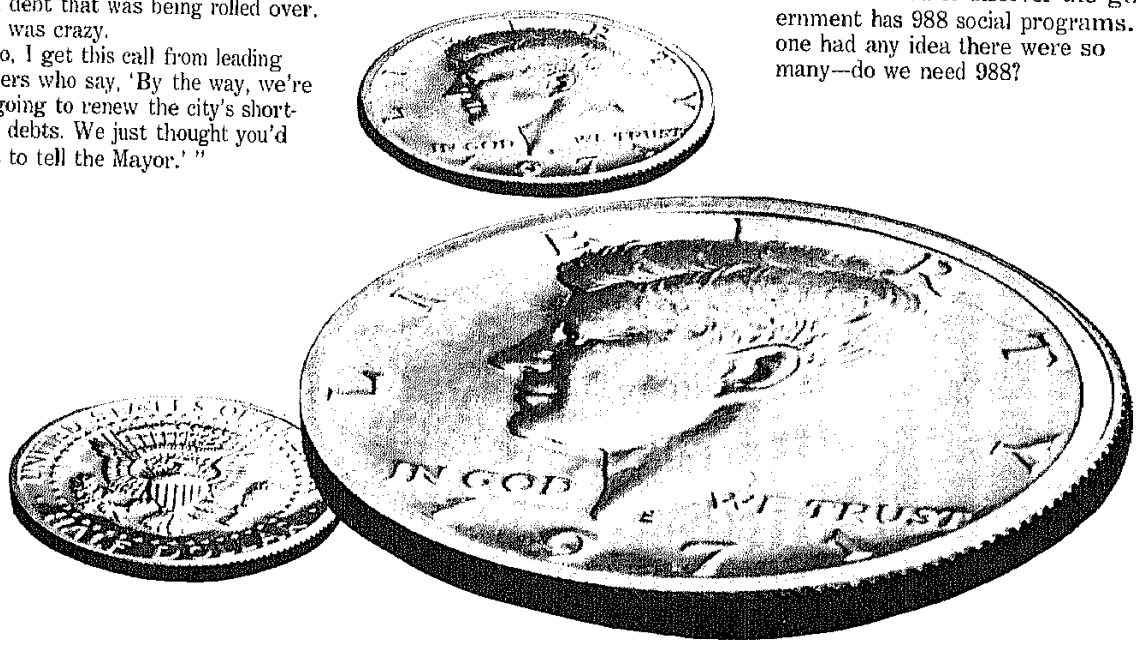
"The quote I recall one employee making was that he recognized, 'We have to face up to reality.'

"And it's going to happen here. Something will trigger it, perhaps, a taxpayer revolt, a Jarvis-type affair. But I know the Washington scene, I worked there for a year—my office was down the hall from Commerce Secretary Hodges. Once federal managers 'get into' this effort, they'll be extremely creative on finding better, more efficient ways to get jobs done. But there is a changing of attitudes involved. So far, government workers have not felt the need for that change.

"If they don't like our suggestions, I hope federal managers will begin developing alternative recommendations that will save the same amount of money. I believe federal workers will be shocked to discover the government has 988 social programs. No one had any idea there were so many—do we need 988?

"If you want time to pass quickly, just sign a 90-day note."
—Mark Russell

Management asked Grace to describe how New York City employees felt about the drastic changes?



"Another area to address involves federal workers. There are from two to four employees per supervisor in the federal system. . . it is seven or eight in the private sector. Has that trend been carried too far?

"What happens to employees who fail to muster up to their assignments—the Peter Principle? In the private sector, managers can either dismiss these workers or give them a lower salary? But, in the federal government, if you make a mistake and promote somebody beyond their capabilities, it almost takes a RIF to correct the problem. That is wrong. Wrong for managers. Wrong for employees. But who is paying for it? It is the taxpayer. Never mind me, I'm thinking of all the people out there who make $35,000 a year—equivalent to about $17,000 in 1960. That's not a lot of money. And that $35,000 level contains 90 percent of all taxable income. These people do not have indexed pensions. If they do not do their jobs, they get fired. So why should they pay for things that they do not have themselves?"

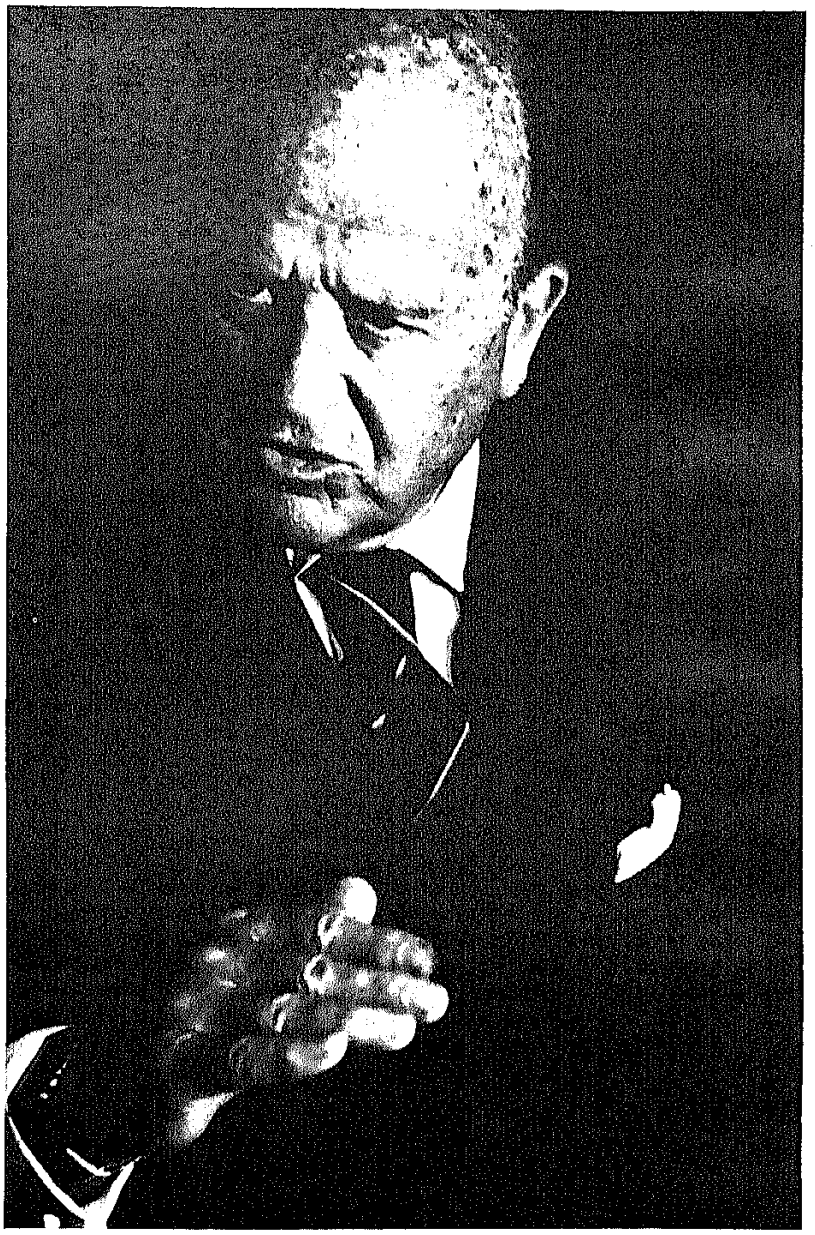
How would he rearrange the federal personnel agency? Would he merge it with the Office of Management and Budget?

"I think it would be very useful for OPM to be merged into the total federal management system structure. But we're talking about changing the OMB concept. Why not have an Office of Management and an Office of Budget? And we're talking about a Chief Fiscal Officer and a Chief Financial Officer in the government—the way you set up to control big corporations. We also think experts should come in periodically and introduce cost-saving measures in government.

"Finally, I think key executives ought to be brought in on a contractual arrangement to provide some continuity for these periodic (every five years) cost-trimming surveys.

"The problem with Presidential appointees in the current system is that they are only here for 18-22 months. It takes him or her 12 months to understand the system—and 10 months of real work.

"That is why you have 130-plus accounting systems and you have 120-plus payrolling systems. You can never hold anyone accountable to make reforms happen."



Conclusion

During this interview, Peter Grace evidenced less concern for building a consensus among Washington interest groups than is traditionally expressed by out-of-towners attempting to promote a cause or reform. Instead, a more direct objective seems to preoccupy the New York industrialist. He hopes to brace the general public for a massive shift in attitude away from operating procedures and expectations he claims are institutionalized in the federal government and are too costly. He views his changes as reforms which Washington should heed before a Jarvis-type figure appears. One thing's for sure about Peter Grace—he's got our attention. ■

"I don't know the key to success, but the key to failure is trying to please everybody."
—Bill Cosby

volve about $1.7 trillion. A three-year, one-time cash flow improvement could total $54.5 billion and cost savings and revenue enhancement including interest on the one-time cash acceleration could total $24.5 billion.

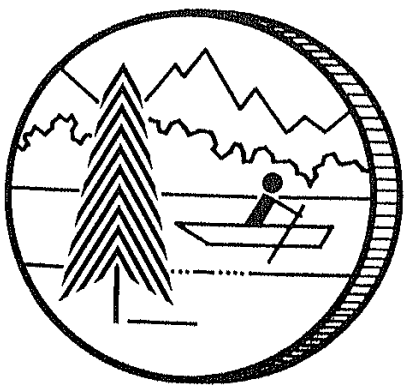
The task force recommended changes in the system and re-evaluation of priorities to reduce interest costs and to make better use of funds. Cash management proposals call for slowing payments to the Department of Defense contractors and making collection deposits sooner. Disbursements could be planned to be made on due dates. Other tools include using electronic funds transfer, automatic account withdrawal and controlling advances by letters-of-credit for checks paid.

In two facets of financial management, debt collection and loans, the study showed a need for an updated ADP system, more aggressive collection practices, and assessment of higher fees and penalties for late payments.

Advice from the private sector

The Grace Commission's proposals are sweeping in scope. They range from very broad steps--modifying the federal food programs, to the very narrow--increasing user fees for national parks. The following recommendations are a sample of their diversity.

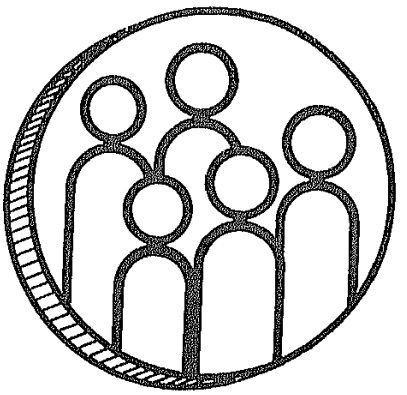
- More contracting out to private industry for jobs such as guards, janitors, carpenters, electricians, keypunch operators, claims processors: no assessment was made on the savings which could be realized.



- Increase user recreation fees for the National Park Service and remove $10 limit on price of a Golden Eagle Passport: $99.3 million in revenue within three years.
- Charge for firewood from our national forests: $63.6 million in revenue within three years.
- Charge people to have the Coast Guard tow in their boats in non-life-threatening situations: $418.2 million in revenue within three years.
- Restructure the Department of Health and Human Services to eliminate "layering and duplication:" $212.8 million in savings within three years.
- Increase by 25 percent, prices charged for maps and charts by the National Oceanic and Atmospheric Administration: $21 million in savings and revenue within three years.
- Raise loan guaranty fees charged by the Small Business Administration from 1 to 2 percent: $60.3 million in savings within three years.
- Charge $25 user fee for copies of Department of Agriculture soil survey reports: $27.4 million in savings and revenue within three years.
- Terminate federal funding for the National Oceanic and Atmospheric Administration Weather Radio: $11 million in savings within three years.

Personnel management

The task force on personnel management focused its attention on the Office of Personnel Management and the programs it administers. These include the Civil Service Retirement Fund, the Federal Employees Health Benefit Fund and the Federal Employees Life Insurance Fund. The Commission also considered government-wide impact of cost-saving steps in these programs. Existing personnel management sys-



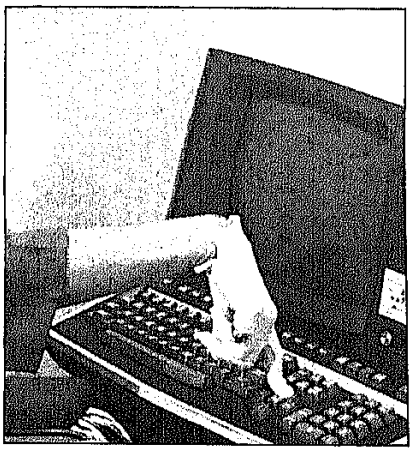
sional and administrative actions, the blue collar workers are overpaid from 8-12 percent, compared to local private sector rates, says the Commission. The white collar system, because of maladministration, is overgraded, resulting again in higher (and costlier) grades compared to the private sector. The Commission's findings also determined that pay was totally inadequate for top executives in the federal government.

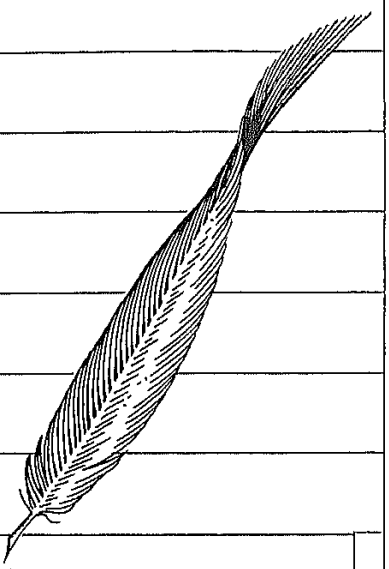
Personnel management proposals include:

- Civil Service Retirement: Overall savings of $15,890 million over the next three years. (Restrict federal retirement with full benefits; set retirement at age 62 for normal retirement instead of allowing retirement at age 55 with 30 years service; Disallow additional-retirement benefits currently awarded for unusual sick leave.)

Ms. Management

Ms. Management





Dear Ms. Management,
I live in terror of my division's administrative officer. As chief of a program office with approximately 20 employees, I'm frequently forced to enter the realm of form-filling-out and alien procedures. My problem is my boss's administrative officer. We clash on all kinds of issues: from hiring a new employee; to promoting within the office; to simply trying to purchase equipment for my office. During budget periods things get so bad I feel like resigning. What can I do? According to government regs, which of us really has the final word?

Walking a Tight Rope

Dear Looped,
You're not alone. Ms. Management constantly hears from section supervisors who feel spooked by their division's "admin pro." First, let me give you a pat on the head for having earned a position of responsibility. Now, start acting like a grown-up manager!

Your admin officer has his role and so do you. As the head of an office, it's up to you to decide what is needed for your office regarding manpower or material. Then your admin officer should use his tools and resources to get you what you need—or the next best thing. In other words, your admin officer provides you with options and, finally, you decide which alternative suits you best. Remember, he's not doing you any favors by performing his duties.

As long as your demands are reasonable you shouldn't be backed into a corner. Don't let personal quarrels block your personnel management.

Dear Ms. Management,
I'm a fair minded, first-line supervisor who willingly follows orders from above and corrects my subordinates when necessary. But I've long been annoyed by a basic inequity over staff use of FTS (long-distance) phone lines. There are some personal calls which must be made during business hours, and this activity is abused by those privileged workers who labor inside private cubicles, rather than in open areas. These employees don't fear being overheard.

Since the federal government pays a ceiling price for FTS service, why not liberate our phones, let all employees place calls during moments which don't interfere with productivity? By the way, can federal calls be monitored or electronically tallied?

On Hold

Dear Ms. Management,
There's been enough backstabbing around here to qualify us for combat pay. Some "temporary" attrition in the staff has lingered far longer than the front office intended. Overtime and additional duties have fueled bickering about how much work each professional should put in—and for the first time, there's talk among the top three accountants about transferring. How do I keep down my casualty figures in this struggle?

P.O.W.

Dear Phoney,
A devotee of the written word and phone frugality in personal communications, Ms. Management finds herself automatically at odds with your "open the wires" approach. I lament the decline of handwritten notes as the proper form of long-distance communication, but even hi-tech types will reject your arguments.

First, opening up FTS to personal calls by the ball pen crowd is not a map for better management. True, some workers do exploit opportunities provided by private offices. However, good managers don't limelight poor examples as models for the rest of their staffs.

As for the facts, Ms. Management's research indicates long distance FTS calls (non-Centrex) add 30 cents per dialing to agency phone bills. So, gabby workers can run up an unlimited bill for Uncle Sam—there is no ceiling or flat rate paid to Madame Bell.

Bugging, we discovered, is not an official policy in federal agencies—nor is monitoring to check-up on chats. On occasion, however, entire agencies have been scrutinized for limited periods of time, when it appears the number of personal calls have gotten out-of-hand. Technologies for conducting such "audits" and for tallying calls placed to suspect numbers have improved. Several agencies, notably the verbose Congressional Research Service, have switched from FTS to commercial WATTS because the latter firm provides office managers with listings of calls made from each phone, every month—just like your residential bills.

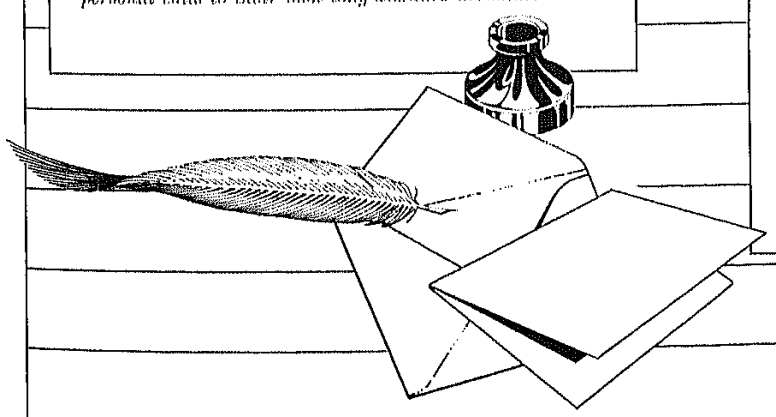
This could force GSA to offer a similar "tallying" service for its remaining FTS clients. Instead of living in fear, simply remind workers they can charge emergency personal calls to their own long-distance accounts.

Dear War Torn,
Put down the white flag, let's load up another round of ammunition. Goal: re-orient your staff toward the office mission. Method: pour on the positive reinforcement. Check with that turdy front shop and see if they can help you save some of their best workers by okaying a couple of rewards for the high achievers. A little reinforcement can pay big dividends when extraordinary fatigue disorients workers. Remember: "pay-for-performance" means leadership by you and rewards for your "hard-chargers."

Ms. Management welcomes inquiries regarding ps a [illegible] questions to me at the:

Office of Public Affairs
Room 5F12
Washington D.C. 20415

Cordially,
M.M.



ANOTHER VIEW

Tomorrow's Civil Service Neoliberal Style

An Interview with Charles Peters

By Mark Tapscott

Few voices in the nations's capital are more likely to strike as responsive and controversial chords as that of Charles Peters, editor of *The Washington Monthly*. Author of "How Washington Really Works" [illegible] rchitects of President [illegible]'s Peace Corps, [illegible]ws about the federal [illegible] infuriate some, con[illegible]nspire most hearers. [illegible]agazine neither en[illegible]'s expression of [illegible]

[illegible]urmudgeons [illegible]not only the [illegible]nsensus [illegible]'s more [illegible]Washing[illegible]federal [illegible]s Peters stands out.

As editor of the influential *Washington Monthly* magazine, Peters is also a leading voice in the increasingly publicized neoliberal movement. Boasting a membership of academicians, politicians like Senator Gary Hart and journalists like Morton Kondracke and James Fallows, the group recently defined itself through publication of a draft "Neoliberal Manifesto," prepared by Peters. Charting a new direction for the future, the manifesto breaks with conventional American liberalism on several scores, not the least of which is its philosophy on the federal work force.

In his manifesto, Peters argues that half of all government jobs should be converted to political appointments and strongly endorses President Reagan's merit pay proposal for federal employees.

"It's not that I'm anti-government," Peters says, "I was once a government employee myself and loved my job. What I want is to make the government work by making it accountable."

Nevertheless, the breadth of Peters' neoliberal reforms, discussed here and in his own magazine, are some of the most radical opinions on the subject to be found anywhere—approaching libertarianism in some of his views, while staking out entirely new policy territory with other of his thoughts.

During a recent **Management** interview on the subject, Peters recalled his personal experiences with state and federal civil services and bluntly speaks of the federal worker as an "issue of the eighties."

The West Virginia years

"I think the central event in my life regarding the civil service occurred in West Virginia," says Peters. "When I first went into government as a staffer in the legislature, I drafted a bill to establish a statewide civil service. It failed.

"Later, when I was elected to the legislature, I tried again. It passed. I start with this point, not to brag, but to add it as a piece of data for all who think I'm new to civil service issues, or that I hate the system.

"If state workers of West Virginia were good in their skills, I wanted to protect them from being fired. I didn't care if accountants and engineers were communists or fascists. What I was interested in was whether they could build roads right or add figures right. If they could, and could do those things well, they had earned the right to some job protection," Peters noted.

On to Washington

The same year he succeeded with the West Virginia civil service bill, Peters became his legislative district's campaign chairman for Jack Kennedy. Calling it, "the great break in my life," Peters' political involvement brought him to Washington where he became acquainted with the capital's "best and brightest" and with the federal bureaucracy.

There was much he didn't like about that bureaucracy. "It seemed to me," Peters says, "that a system designed to protect the brave had attracted the cautious—people more interested in their job security than in doing their job well."

Peters then took on the job of establishing President Kennedy's Peace Corps. One of three political appointees assigned to help organize the agency (the other two being Bill Moyers, now of CBS, and William Haddad who managed Governor Cuomo's New York campaign), Peters says, "It was clear to us even then that the federal personnel system was in deep trouble. So we devised a new one for the Peace Corps.

"We managed to get a four-year leeway where we could absolutely hire and fire. And that's when the organization was the best. We selected on the basis of the very finest kind of politics, which means we picked people who would make the administration look good by doing a good job."

What about political favoritism?

"There are idiots," he says, "presiding over the world of journalism and the world of political-science-textbook-writers, who think if someone hires politically that it will lead to choosing the dumbest, most corrupt friend a government manager can find in the entire Western Hemisphere."

The truth, according to Peters, is just the opposite. "If you're a smart political leader, you will give the job to the brightest, most capable person you can find who happens to believe in what you believe in."

But weren't there some less positive factors influencing the original Peace Corps hirings? Peters says no. The deciding factor was, "just who is going to do absolutely the best job."

Pausing a moment to reflect, Peters glances out the window, takes a deep breath and makes, what is for him a

veterans' preference, and the other is the buddy system."

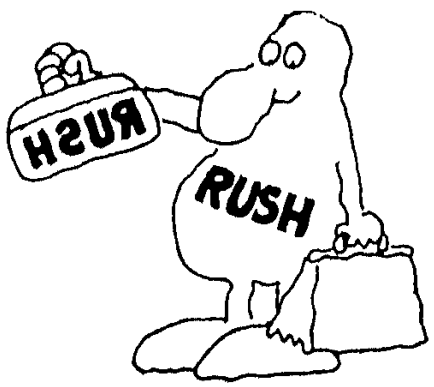
Civil service according to Peters

Peters continued: "The buddy system works like this: Little Suzie next door, the neighbor's oldest daughter, needs a job. Well, she's just so sweet and charming that you decide to tell her about the very next vacancy that comes up. You go and fix it with Sam in personnel—or you write the job description so it will fit with Suzie. She gets the job. That's how it works.

"New federal workers aren't coming here from all over the country and getting jobs like the public thinks—89 percent of them are from the D.C. area. They're friends of friends from Chevy Chase, Oxon Hill and Fairfax County. It is hard for the rest of the country to break in and become part of the old-boy network. Even buddies

We selected on the basis of the very finest kind of politics, which means we picked people who would make the administration look good by doing a good job.

are beginning to find it difficult to get civil service jobs because those who are already in have become more interested in using agency budgets to give themselves ev



under such a system, how can we give them incentives to do the job better?

Peters' solution

Peters describes some of the steps he would take to redress the problems he sees, "We need a government that can fire the people who can't—or won't—do the job. That includes teachers.

"Nor is it impossible to establish fair evaluation systems. We've been snowed on the evaluation issue. It's just not that difficult to devise apparatus to establish real merit accurately and fairly," Peters contends. "Didn't you know who your good and bad teachers were? It's really absurd for teachers who spend their days grading and evaluating their students to contend that they themselves cannot be evaluated."

In his "Neoliberal Manifesto," Peters proposes to open hundreds of thousands of federal jobs to political appointment. His plan would allow roughly half of current, civilian federal workers to leave the workforce through attrition and be replaced by employees with two-and-a-half year appointments. He also would place a five-year limit on the time such employees could remain in government. "Doing that," he says, "would bring in new blood with real world experience. We would attract risk-takers who aren't obsessed with job security.

"Offer the good people who push doorbells and hand out campaign leaflets a chance to come to D.C., and participate in putting into effect the programs for which they have campaigned so hard. Of course, those not qualified should not be hired. If Suzie from next door can't type 50-words-a-minute, she wouldn't get that typing job."

He claims the private sector also would gain from the idea. "Washington finally would send back into the ranks of the voting public people who have learned government first hand."

Stimulate voter turnout

"I know what your readers are thinking," quips Peters. "You're thinking, 'My God, what if it were up to Ronald Reagan to do that right now?' Well, the answer is simply this. If you didn't like the job he did, you could vote him out of office next year.

"You would realize accountable government can't work unless you are an accountable voter. . . and you would learn to never again cast your vote carelessly, or worse, not cast it at all."

Peters believes a career work force half the current size would be adequate to provide the necessary continuity and institutional memory. "This 50 percent," he adds, "would remain on the basis of their ability to build the roads right, and add the figures right. It just wouldn't matter about their politics—so long as they were performing their jobs. If they're competent, and don't have to fear for their jobs on political grounds, they will be able to blow the whistle when the politicians go wrong."

If you love the civil service, you can change it and make it better.

Most knowledgeable critics of federal personnel policies add the caveat that, as individuals, today's government workers are hard-working and dedicated. Curmudgeon Peters, however, takes quite a different approach. "While there are some dedicated workers in this city—for whom we should all be grateful—Washington, and I don't just mean the bureaucracy, comes in each morning and sits around, pushed back from the desk, drinking coffee and chatting. Or they read the newspaper. I have seen these people and what they do is they spend the day being nice, going to meetings and reading memos.

"Of course, some of them manage to look busy, even to convince themselves that they are, in fact, very busy. Mr. Bureaucrat dashes into his office in the morning, hurriedly goes through his in-box, and rushes out the door, telling Ms. Jones, 'I don't have time to take these calls, I have to get to a meeting.' He goes to the meeting and not one thing happens. Ms. Jones saw him go, she saw he was very busy, and she'll go to her grave thinking that character is doing hard work. He has done nothing.

"Now, it isn't that I don't like bureaucrats, I just naturally dislike people who are lazy and comfortable. I like hard chargers. You have to love what you're doing.

"If you love the civil service, you can change it and make it better. Many of these people feel a total and complete lack of leadership. Their demoralization is understandable.

"The best ones, the very best ones, know there is something wrong. They go home and complain about it at night. But they don't want the world to know. So if someone like me talks about it publicly, they get very angry, even though they know—they absolutely know—what goes on inside."

Carter years

"Former OPM Director Scotty Campbell had some good ideas," recalls Peters, "but he had to compromise out so much to get his bill passed. In the end he had almost nothing. After all of the Carter team's massive efforts, Scotty ended up with an eighth of an inch. Even the most dedicated reformer from within will find himself surrounded by fellow government employees who say, 'I've got to pay the mortgage and give the kids an education and you're telling me I can't have that raise?' Finally, when you take that 4 percent raise away from them, you feel like a louse. If you still care about reform after that, you'll be the only one in your office."

Pungent? Definitely. Controversial? Certainly. Absolutely right? That is a question for Management readers to decide. In any case, Peters leaves no doubt about what he thinks. ■

Next issue, this space will feature a dramatically different view.

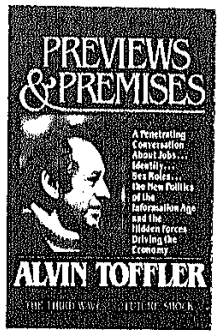
Book Review

Premises on the Future with Toffler

Previews and Premises. Alvin Toffler. (William Morrow and Company, Inc., 230 pages.) "Imagine a world with very few smokestacks, and without millions of interchangeable workers doing repetitive work, all dressed alike, all synchronized to get up at the same hour.

"Imagine not centralized data banks and computers, but an Apple or TRS-80 in every kitchen, all linked up in ever-changing networks. That's more like where we're headed and it's a nightmare for central planners."

Alvin Toffler has a grasp on the 21st century. *Future Shock* and *The Third Wave* brought us intriguing thoughts, but his new book, *Previews and Premises*, spells out the details. Most public sector managers will find his ideas provocative. No doubt, innovative managers who are not averse to change have pondered some of Toffler's territory themselves.



Toffler claims technology is rapidly reshaping the economy, education, family, production, and communication fields. He describes the third wave as a metamorphosis shifting us away from a mass-produced society (born of the industrial revolution) to a "demassified," diverse and accelerated period.

Of interest to managers are Toffler's ideas about "the back-to-home movement" and what the author calls "electronic cottages." How will managers control workers at home? Will even newer machines assist managers in keeping tabs on worker production? Who will supervise? Toffler answers some of these questions but, frankly, fails to address others. "The information revolution opens the way to transferring millions of jobs from centralized offices and factories into neighborhood work centers and even into homes."

A multi-faceted writer, Toffler has worked as a laborer, social analyst and journalist. *Previews and Premises* is written in a remarkably precise question-and-answer format. Many will find Toffler's ideas phenomenal, traditionalists will not be amused. Best to preview Toffler's *Premises* with an open mind.

(Review by Joyce Cannady)

Tale of the "Shoulds"

Two Faces of Management: An American Approach to Leadership in Business and Politics. Joseph Bower. Houghton Mifflin. 202 pages.) The measured steps taken during the air traffic controllers controversy in 1981, constituted a fine and exceedingly rare moment in the annals of government management, says J.F. Kennedy School of Government's Joseph Bower. Despite the arcane-sounding title of his newest work, this best selling author has produced an anecdote-rich exercise book for real-world managers.

Modern federal managers in mid- and upper-level positions must shed traditional methods for dealing with their peers in the private sector, says Bower. There is a chronic lack of communications between technocrats in these sectors, and curing this shortcoming requires radical adjustments in the existing system.

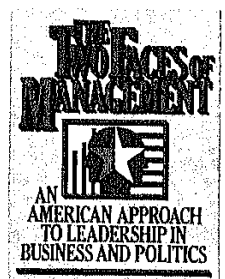
What "should" emerge, argues Bower, is a blending of expertise. He would create quasi-governmental cells of brainpower which would generate policies according to priorities set by elected leadership. Such policies, he argues, should be far easier to implement than are the special interest-laden rules and regs produced in today's Washington.

Once designed, the jointly crafted plans should be permitted to move through the legislative process without suffering drastic alteration. He also would shift a huge portion of such responsibilities to local-level policy crafters.

Lastly, Bower argues this infusion of private-sector expertise into the grunt-level of official policymaking should positively influence a hierarchy-bound environment which, he says, dominates too many federal offices.

Less convincing is the motivation Bower says will encourage federal workers to embrace new relationships with non-government workers. He claims a deeply shared and mutual distrust of overly centralized planning processes will drive together patriotic technocrats from both worlds.

Bower's vision would face strong scrutiny by influential officials who currently handle nuts-and-bolts legislative/regulatory planning for Congress, as well as from traditional careerists who may be skeptical about the goals of profit-oriented executives. He offers no measures—beyond friendly consensus—which would institutionalize his cooperative vision should even minimal resistance emerge from the current establishment.



Pieces of this book describing new processes Bower believes "should" exist are lovely. Only the glue is missing. *(Review by Mary Ann Maloney)*

Judicial Restraint Rises Again

By Clifford J. White, III

The United States Court of Appeals for the Federal Circuit, sitting *en banc*, did something unusual recently: it decided to "[apply] to the case before it the statute as written." The court ignored strained judicial arguments which attempted to explain away the "plain meaning" of the law which was under review.

The tightly reasoned opinion handed down by Chief Judge Howard T. Markey could save taxpayers hundreds of thousands of dollars each year.

The case, *Lindahl v. OPM*, No. 39-81 (Fed. Cir. September 22, 1983), involved an application for voluntary disability retirement which was turned down by OPM. The petitioner appealed to the Merit Systems Protection Board (MSPB) and the Board upheld OPM.

The issue was whether or not a federal employee who voluntarily leaves government service—claiming a disability—is entitled to judicial review of OPM and MSPB decisions that he or she is not eligible for an annuity.

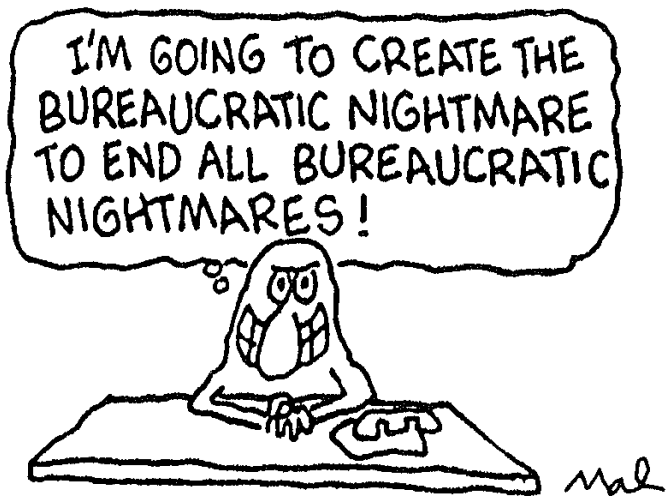
[illegible] the relevant statute, 5 [illegible] and (d), " the deci- concerning these mat- [illegible]nclusive and are [illegible]" This "finality" [illegible]wo express [illegible]irst, an in- the MSPB; and [illegible] discharged [illegible]y may

Since OPM processes about 1,000 disability retirement claims every month, and rejects about 2,000 annually, the work load involved in defending such actions is substantial. It is already impossible for OPM attorneys to defend the agency in every action which may come before MSPB offices in Washington, D.C., and around the country. In addition, the drain on the federal treasury from disability retirement benefits that OPM determines are not valid is quite substantial.

OPM's General Counsel Joseph A. Morris and lawyer Murray Meeker (FTS/632-7600) assisted the Department of Justice in preparing the government's brief in the *Lindahl* case. Markey's decision placed the Federal Circuit at odds with four other United States Circuit Courts of Appeals, and in accord with three other Circuits. However, under the Federal Courts Improvement Act of 1982, the Federal Circuit is the nation's leading judicial tribunal on federal personnel and claims matters.

The Federal Circuit rejected the petitioner's arguments that the statutory finality clause should not be applied. In the opinion, Markey reminded the parties, "all federal courts are courts of limited jurisdiction. It is not within the powers, traditional or otherwise, of federal courts," the Chief Judge went on, "to fill every seeming jurisdictional void they may detect in congressional legislation; but if it were, there is no void detectable in §8347(c) and (d)."

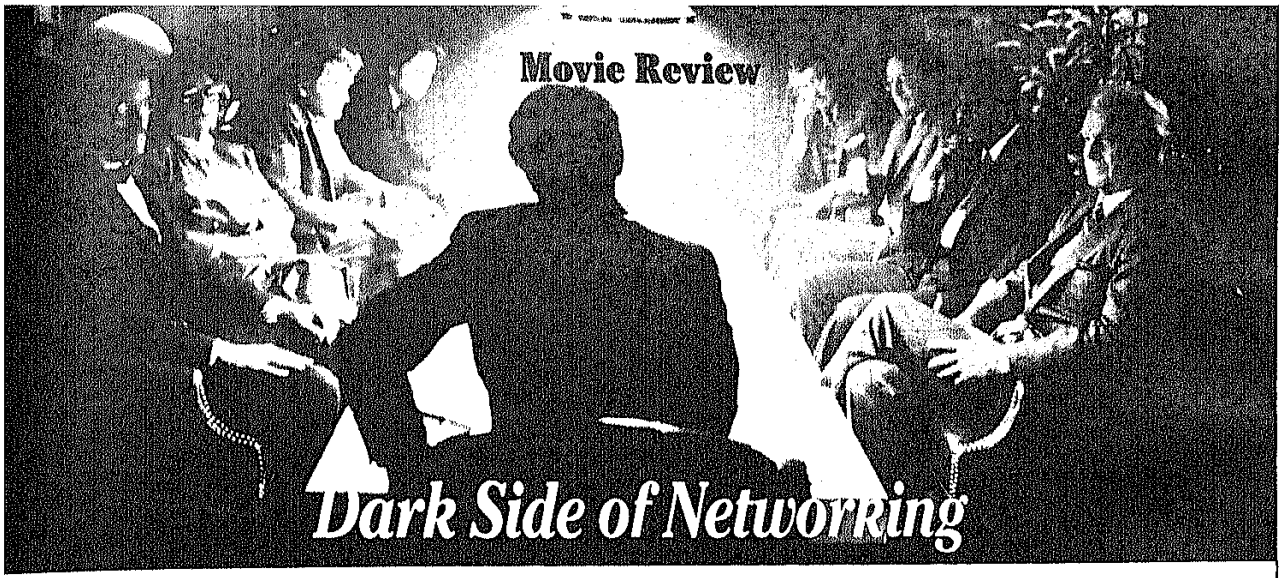
The opinion, surely to be cited in many future cases, noted there was a "deep distrust of a federal judicial system in the Constitutional Convention" held nearly 200 years ago and that "[t]here was concern that the federal judiciary would find it had jurisdiction to achieve broad purposes of federal statutes." This more expansive judicial route, which has been fashionable in recent years, does not appear to be the course of choice for the new Federal Circuit.



Petitioner's counsel posited that OPM and MSPB officials conceivably could totally disregard the rights of disability applicants. In such circumstances, the courts should be able to intervene. In response, the Federal Circuit declared that "[c]onjecture cannot alone . . . serve as grant of jurisdiction. A facile formula (for judicial review) based on a fear of faceless functionaries would be such a grant . . ."

The United States Court of Appeals for the Federal Circuit has barred an expensive additional step in the administrative process used in handling voluntary disability retirement claims. Furthermore, it has provided another solid example of the ways our courts can exercise judicial restraint in the interpretation of statutory law. ■

Clifford J. White, III is Special Assistant to OPM's General Counsel.



Movie Review

Dark Side of Networking

What is a young judge to do? Facing an overburdened legal bureaucracy and angry that criminals cheat the courts and win, he is disillusioned. In his search for truth and justice, the system has failed him. But there is another system, an underground network of talented men and women who mete out their own justice. A network mysteriously called, "The Star Chamber."

Taking their name from a group of English patriots who, through diligent—albeit extra-legal—means, helped salvage the reign of King Henry the VII in 1487 (the ceiling of the group's meeting room was decorated with stars—the Star Chamber), the 20th century Star Chamber is a clique of dedicated officials who take it upon themselves to make the decisions and hand down the verdicts the "official" bureaucracy actively avoids.

Of course, the young judge is interested in this unofficial network. And, as it turns out, the network is interested in him. Thus begins this blunt discourse on the darker side of networking in public institutions.

More than a crime thriller or a Charles Bronson vigilante picture, *Star Chamber* is a quality American film which raises—and answers—uncomfortable questions about one of today's most popular professional practices. Director Peter Hyams' screenplay analyzes the motives and principles of over zealous public servants, much as 1982's *Absence of Malice* looked at the controversial practices of American investigative journalists.

The premise of *Star Chamber's* drama is not pure fiction.

Experts on the subject say shortcuts arise in bureaucracies because it's often impossible for individuals to untangle official operating procedures. Sympathetic groups of like-minded workers, however, can just as often work together to circumvent unwieldy rules.

Networking enjoys a unique status in public administration circles. Cooperation at the micro-decision making level can spell the difference between a duty achieved and a service denied the taxpayer.

Hyams argues a highly personal case against networking. Not every man or woman is suited for group shortcut treks, he says. While it may be flattering to be courted by these "in groups," such clubs are built on unwavering loyalty. Membership is not for mavericks or the faint-of-heart. Once a manager enters this unofficial realm, he cannot invoke the checks and safety protections offered by the more cumbersome bureaucracy.

Honor, too, is defined in a different manner. Principles are unconsciously re-molded to support the success and security of the group.

When *Star Chamber's* protagonist (Michael Douglas) attempts to right an unfair and potentially lethal ruling issued by his new peers, he suddenly recognizes the true stakes. Facing the wrath of his "old boy" associates, he participates in a life/death struggle to maintain authority and reputations.

Hostilities involving real-world networks have become increasingly commonplace.

But, the most dynamic confrontations occur when an established network deeply opposes policy changes sought by newly installed official leadership. And it's at this level that Hyams hits a major, real-life nerve.

Employees at the embattled Legal Services Corporation (LSC), report that the network "issue" is of more than passing concern to their peers. A General Accounting Office (GAO) report issued in September, revealed members of LSC's tenured staff violated federal spending restrictions by holding a "training seminar" which dealt with mobilizing opinion against the budget cuts and related policies proposed by their own bosses.

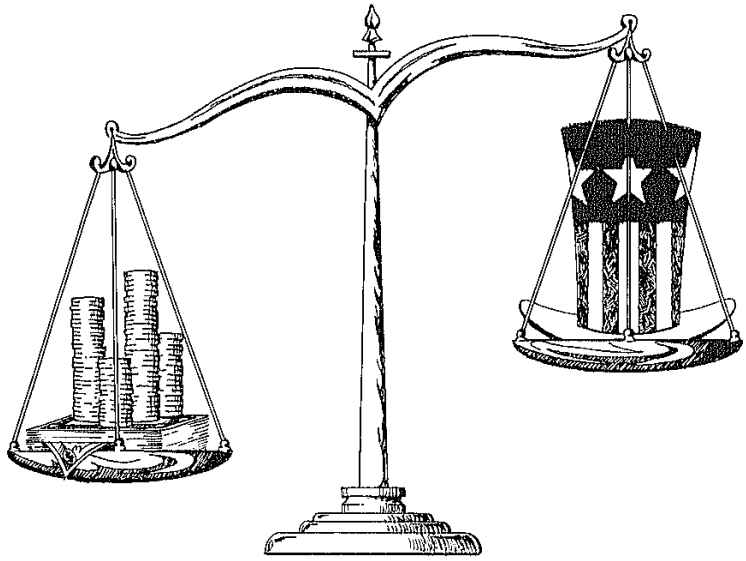
The campaign against LSC's new goals was conducted under the noses of the Board of Directors, but without their knowledge. Even more dramatic has been the personal reactions of the alleged participants and networkers who claim they have abandoned the group since the crusade's uncovering.

Currently, the struggle centers on salvaging (or destroying) alleged evidence which could spell out the membership and actions of the unofficial group. Maverick members of the network now seek to have records impounded and allegations have surfaced concerning frantic efforts to shred documents.

In one remarkable incident, the unficial LSC group actually videotaped a session where its leaders outlined strategies local offices could use to stir up public opposition to agency initiatives then moving through Congress. It was this film which was scrutinized by GAO. The outcome of the struggle over evidence could potentially affect behavior in Washington for years to come.

Meanwhile, observers can only speculate about the tension and personal pain pervading LSC's management ranks. It is at this intensely personal level that the movie *Star Chamber* makes its most meaningful statement to public managers sitting in the audience. D.T. ■

Managing Taxpayers' Dollars

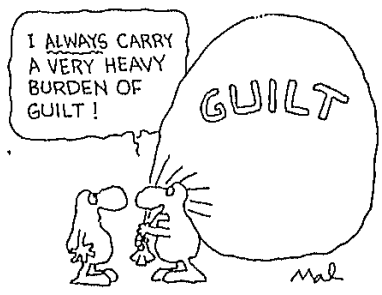


Dilemma in diapers. The fiscal year is still in swaddling wraps, but thousands of prudent supervisors with budget responsibilities for their offices already know they could face a dilemma next September. Are you one of those managers? Prudent management of the dollars in your care is expected to result in surplus monies. What to do?

knowledgeable wink, the
oney manager next door ad-
d it quickly, on anything.
And don't let any ques-
oolish expenditures keep
t night."

solutions. Turn it back.
s your neighbor.
k money to the
like finding a
us and mailing it

Yes, turn it back. Times have changed and unlike the "loose bill" scenario, somebody is watching your in-office performance. Serious consideration should be given to declaring simply that your team's buck-managing abilities are top notch. Rapidly changing attitudes now call for rewarding frugal public officials. Chances are that your front office is facing increasingly "convincing" demands to reduce overall spending levels. They notice who turns back cash these days. Your action can garner far more positive results than the feared "punitive cutbacks in next year's appropriations" tragedy which conventional wisdom used to dictate. Or, creatively use those surplus funds.



- Buy out leased equipment which has a useable life beyond the payback period. In many cases, purchase and maintenance price tags are considerably lower than the total leases expected to be paid for such equipment. In short, savings frequently can be shown from purchasing equipment.
- Pick up help from that spendthrift's shop next door. He's probably facing a cashflow crisis, given his poor judgment. Rent his best staffer for a short period of time. Finish off that back-burnered-to-death project which none of your regular team has time to complete for the boss.

It's not too soon to start planning. Successful strategies require planning. Identify those constructive opportunities so you can make your case early to the budget folk. Now is the time.■

Reactions. . . Rebuttals. . . Retorts

The following are excerpts from comments about the last issue of **Management** magazine which focused on performance management and merit pay.

"Congratulations on your Special Issue (Vol. 4, No. 1). The entire issue was thought provoking and stimulating. I was especially gratified to read the Milton Friedman interview.

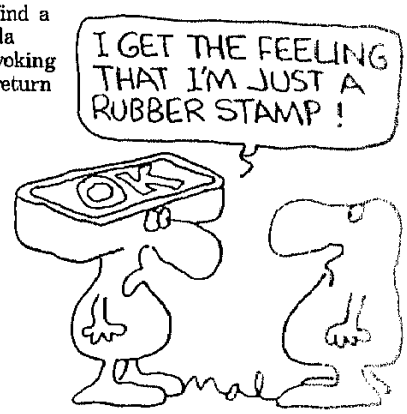
The theme of the issue—promoting efficiency by provoking change and fighting fossilization of the bureaucracy—is always relevant. You are to be congratulated for challenging the egalitarian intellectual orthodoxy of our times."

Anthony H. Cass
Interior Department

"This month's issue looks like a cross between *Conservative Digest, Forbes* magazine and *People*. Where else could you find a government publication . . .with juicy items about Jane Fonda and Chicago Mayor Harold Washington, plus a thought-provoking suggestion from a Nobel prize-winner that the government return to the spoils system?

The magazine (editor) asked (Milton Freidman) 'What possible virtues are offered by a spoils system?' Plenty, according to Friedman."

Mike Causey
Washington Post



"Many thanks for sending me a copy of your Management issue. I thought you handled the interview with me very well and I have no complaints about it whatsoever. Wish you luck."

Milton Freidman
Hoover Institution

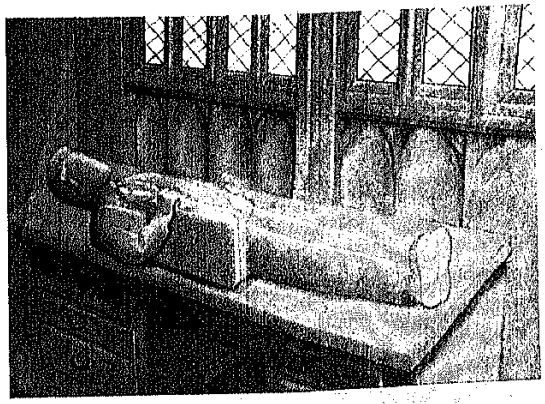
"(Management) magazine was created by the Carter Administration in October 1979. . .the 'All New' Management magazine reached our desk this week. It looked and read much like the original—predictably slanted. . .

And there is an opinion from a once-prominent Democrat—Alan Campbell, creator of the Civil Service Reform Act. He says civil service reform has done, 'as well as can be expected' and that, to his knowledge, the new merit systems have not been abused much by political bosses. . .Taxpayers should not be paying federal employees to produce slick, partisan, expensive political magazines. . ."

Thomas R. Scanlon
Federal Times

"The writing is probably the best thing about **Management**. It's obviously the work of a word person, as most publications are, but you've been fortunate in good design, too. Your writing is consistently semi-formal, a tad more literate than the usual publication, but consistently so, and that's good. You've got a good product. The price is too low. . .You've got a real opportunity to help your subscribers and improve the level of writing in federal publications."

Patrick Williams
Ragan Report, Chicago



"*If we go to the spoils system, writes reader (and artist) Tom Gill, I have another proposal to make: The Tomb of the Faceless Bureaucrat. It would be located in one of the original gothic buildings of the Smithsonian. Neil Armstrong, the first man on the moon, would have his name enshrined on a nearby Hall of Fame for Bureaucrats, as would Sally Ride. Both were federal employees. "Bureaucrats in the future would be happy in the knowledge that a quiet corner of the Smithsonian would remain forever civil service based on merit," says Gill who lives in Columbia, Maryland.*"